



# PetraDiamonds

22 February 2022

LSE: PDL

## Petra Diamonds Limited

### Interim results for the Six Months ended 31 December 2021

#### Investor update on strategy and operational guidance

Petra Diamonds Limited ("Petra" or the "Company" or the "Group") announces its unaudited interim results for the six months ended 31 December 2021 (the "Period", "H1 FY 2022", or "H1"). These results together with operational guidance for the next three years will be provided as part of the Investor Day which Petra is holding at 09:30am GMT, both in person and online. Details of how to access the event are provided below.

#### HIGHLIGHTS OF THE INTERIM RESULTS (Unaudited)

**Significant growth in revenue, earnings and cash flow with lower net debt, driven by higher production, Exceptional Stones, and strong diamond prices**

**Richard Duffy, Chief Executive of Petra Diamonds, commented:**

*"Petra has delivered strong results, growing revenue by 49% and adjusted EBTIDA by 87%, as well as reducing net debt significantly. We have benefitted from the recovery in rough diamond prices, record proceeds from the sale of Exceptional Stones, and the improvements we have made in our operations, resulting in significantly improved safety levels, profitability and cash flow. Our strengthened operating platform and balance sheet coupled with the robust rough diamond market, sets us well for the second half of the year and we are well on track to meet FY 2022 operational guidance."*

*"At our investor day later on this morning, we will expand on the buoyancy of the diamond market and set out how we expect our medium-term plans to benefit from this stronger market. As well as discussing our operations and capital structure, we will present our strategy for the business going forward, including growth opportunities, and provide more detailed operational guidance on production, costs and our capital requirements."*

#### Strong financial performance and diamond pricing underpins confidence for the full year

	H1 FY 2022	H1 FY 2021	FY 2021 <sup>2</sup>
Revenue (US\$m)	264.7	178.1	406.9
Adjusted EBITDA <sup>1</sup> (US\$m)	150.9	80.8	130.2
Adjusted EBITDA margin	57%	45%	32%
Adjusted profit / (loss) before tax (US\$m)	91.1	6.5	(18.3)
Adjusted net profit / (loss) after tax (US\$m)	66.4	2.7	(25.5)
Net profit after tax (US\$m)	49.1	67.6	196.6
Operational free cash flow <sup>1</sup>	122.4	54.0	120.1
Consolidated net debt (US\$m)	152.3	700.4	228.2
Unrestricted cash (US\$m)	256.7	92.4	147.7
Basic earnings per share (US\$c)	22.29	315.29	260.70
Adjusted basic earnings / (loss) per share <sup>1</sup> (US\$c)	29.01	4.23	(36.20)

<sup>1</sup> For all non-GARP measures refer to the Summary of Results table within the Financial Results section below.

<sup>2</sup> For comparative purposes, the FY 2021 income statement figures include Williamson as it is no longer a discontinued operation. Consolidated net debt and cash balances for FY 2021 have not been adjusted.

- Revenue up 49% driven by the sale of Exceptional Stones totalling US\$77.9 million (H1 FY 2021: US\$40.4 million) and a 16% increase in rough diamond prices.
- Adjusted EBITDA rose 87% reflecting improved prices, the sale of Exceptional Stones, and Project 2022 cost reductions during the period. EBITDA margin rose from 45% to 57% significantly enhanced by revenue from the sale of Exceptional Stones, which may not be repeated at a similar level in future reporting periods.
- Adjusted profit before tax increased to US\$91.1 million (H1 FY 2021 US\$6.5 million).
- Net profit after tax reduced to US\$49.1 million from US\$67.6 million impacted by negative non-cash foreign exchange movement amounting to US\$63.4 million (net of tax).
- Operational free cash flow before restructuring costs rose US\$68.4 million to US\$122.4 million on the back of increased EBITDA.
- Further strengthening of the Balance Sheet
  - Consolidated net debt reduced by US\$75.9 million to US\$152.3 million from US\$228.2 million as at 30 June 2021 with Consolidated net debt : Adjusted EBITDA at 1.0x compared with 1.8x at 30 June 2021.
  - Unrestricted cash increased US\$109.0 million to US\$256.7 million from US\$147.7 million as at 30 June 2021.
- Basic earnings per share from continuing operations were 22.29 US\$ cents per share and 29.01 US\$ cents on an adjusted basis.

### Good safety and operational performance

	Unit	H1 FY 2022	H1 FY 2021	Variance	FY 2021 <sup>1</sup>
Lost time injury frequency rate (LTIFR)		0.18	0.50	-64%	0.44
Total injuries		15	19	-21%	42
Gross ore processed	Mt	5.6	4.4	+27%	8.1
Gross diamonds recovered	Carats	1,777,424	1,740,862	+2%	3,240,312
Gross diamonds sold	Carats	1,595,851	1,712,797	-7%	3,960,475
Gross revenue	US\$m	264.7	178.1	+49%	406.9
Adjusted mining and processing costs	US\$m	109.8	99.2	+11%	276.1
Operational capital expenditure	US\$m	16.1	8.1	+99%	22.8

- Strong safety performance with a 64% reduction in LTIFR reflecting the concerted effort to address behavioural factors that were compounded by the pandemic.
- Good production results due to Williamson restarting operations in September 2021, steps taken to address the waste ingress at Finsch, and the successful management of the tunnel convergence at Cullinan.
- Absolute costs remained within expectations despite inflationary pressures.
- Operational Capex of US\$16.1 million (H1 FY 2021: US\$8.1 million) largely due to the new expansion project at Cullinan and resumption of projects delayed by COVID-19.
- Preliminary conclusions of the Business Re-Engineering (BRE) project identified opportunities to lower the cost base at Finsch and curtail the negative cash flow at Koffiefontein.

### Strategic developments and board appointment

- Petra has taken steps through the Framework Agreement with the Government of Tanzania and Memorandum of Understanding entered into with Caspian Limited in December 2021 to reduce its exposure in Tanzania while retaining a controlling interest in Williamson.
- Post Period end, completion of the refinancing of Petra's first lien debt facility will deliver some US\$5 million in savings over the next two years, as a result of more favourable terms than the current facility. Completion is expected in Q3 FY 2022.
- As previously announced, Jon Dudas will join the Board as an independent Non-Executive Director from 1 March 2022, further strengthening the Board through his broad experience across the mining and resources sectors, in operations, general management, finance and strategy.

## Outlook

This strong performance and considerably improved balance sheet, supported by a robust rough diamond market, sets us well for the second half of the year, although we may not benefit from the same levels of record contribution from Exceptional Stones. FY 2022 production is on track to meet guidance of 3.3 to 3.6 Mcts, and Capex is expected to be at the lower end of the guidance of US\$78 to US\$92 million.

With the strong recovery in the diamond market, and the actions we have taken, Petra is now also well placed for the future.

## HIGHLIGHTS OF INVESTOR DAY PRESENTATION

The following new information will be covered in today's Investor Day:

- Two major projects have been approved by the Board:
  - Cullinan's CC1E SLC: US\$173 million capital estimate, extending mine plan to 2031, project IRR greater than 30%.
  - Finsch's 3 level SLC: US\$216 million capital estimate, extending mine plan to 2030, project IRR greater than 30%.
  - Cullinan and Finsch have additional resources to potentially extend their mine plans well beyond 2031 and 2030 respectively.
- Petra does not provide guidance on diamond pricing. However, it should be noted that the Cullinan mine has a history of recovering Exceptional Stones which have contributed an average of US\$47 million per annum over the last three years to Group revenues, and US\$37 million per annum over the last five years.

### Key operational guidance metrics

	Unit	FY22E	FY23E	FY24E	FY25E
Total carats recovered	Mcts	3.3 – 3.6	3.3 – 3.6	3.3 – 3.6	3.6 – 3.9
Cash on-mine costs and G&A <sup>1</sup>	\$m	300 - 310	300 – 320	300 – 320	300 - 320
Expansion capex <sup>1</sup>	\$m	47 – 50	105 – 115	125 – 135	115 - 120
Sustaining capex <sup>1</sup>	\$m	28 – 30	30 -32	30 – 32	26 - 28

*Note 1: Opex and Capex guidance is stated in FY 2022 real terms and based on an exchange rate of ZAR15 / USD1.*

- Beyond the guidance period, further expansion capital expenditure of US\$61 million, which is expected to be invested between 2026 and 2029, includes completion of these two major projects mentioned above and provides for certain infrastructure projects at Cullinan, which are still to be approved.
- Koffiefontein is expected to reach its end of life in depleting available reserves by FY 2025. Petra is considering its options to ensure a responsible exit while continuing to implement the outcomes of the BRE project aiming to curtail the negative cash flow impact on the Group.
- Detailed guidance is available on Petra's website at <https://www.petradiamonds.com/investors/analysts/analyst-guidance/>

## INVESTOR DAY PRESENTATION DETAILS

**Investor Day, including a summary of the Interim Results: 09:30 GMT today**  
**Peel Hunt, 100 Liverpool Street, London EC2M 2AT**

Petra's Chief Executive Richard Duffy and Finance Director Jacques Breytenbach will host an in-person presentation to update the market on our strategy and medium-term operational guidance. We will also briefly cover the Interim results.

### **Live webcast of presentation**

Please register at <https://webcasting.brrmedia.co.uk/broadcast/61fbded449f7751d18890b33>

### **Dial in details**

UK, tollfree/freephone: 0800 279 6877

UK, local: +44 (0)330 336 9601 (international calls may incur operator costs)

Participant passcode: 5189226

If you have any questions, please call +44 (0) 20 7494 8203 or email:

[investorrelations@petradiamonds.com](mailto:investorrelations@petradiamonds.com) .

### **Recording of presentation**

A recording of the webcast will be available later today on Petra's website at <https://www.petradiamonds.com/investors/presentations/>

## **ABOUT PETRA DIAMONDS**

Petra Diamonds Limited 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 mine in Tanzania (Williamson).

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. 230 million carats, which supports the potential for long-life operations.

Petra strives to conduct 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'. The Company's US\$336.7 million notes due in 2026 are listed on the Irish Stock Exchange and admitted to trading on the Global Exchange Market. For more information, visit [www.petradiamonds.com](http://www.petradiamonds.com)

## **FURTHER INFORMATION**

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## CEO'S REVIEW

### Revenue growth, higher profitability and cash flow in a strong diamond market

These results demonstrate Petra's success in improving safety measures, production, and operations, which enables us to take advantage of the buoyancy of the diamond market.

Revenue for the half year increased 49% to US\$264.7 million, buoyed by the strong jewellery sales over the holiday period, the contraction in supply and a 16% increase in rough diamond prices. This and the contribution from Exceptional Stones, amounting to US\$77.9 million, more than offset the 7% reduction in sales volumes which was the result of a deferral of post-pandemic outbreak sales to July 2020, within the comparative period. Adjusted EBITDA rose 87% to US\$150.9 million with an Adjusted EBITDA margin of 57% (H1 FY 2021: 45%) supported by the sales of Exceptional Stones.

The marked improvement in safety is best illustrated by the 64% reduction in LTIFR. Our COVID-19 vaccination drives continues and more than 50% of the South African workforce has been fully vaccinated.

Diamond production was marginally up against the comparative period and in line with guidance. Production was sustained notwithstanding previously reported challenges following tunnel convergence at Cullinan and steps taken to mitigate the waste ingress at Finsch, both of which were successfully implemented during the Period. Preliminary conclusions of the BRE projects confirm the feasibility of future life extension capital projects at Finsch and the removal of the negative cash flow performance of Koffiefontein.

Production resumed at Williamson during H1 FY 2022. During December Petra entered into a Framework Agreement with the Government of Tanzania and a Memorandum of Understanding with Caspian Limited to reduce its exposure in Tanzania while retaining a controlling interest in Williamson.

We have engaged successfully at the national level on the proposed design of the Independent Grievance Mechanism ("IGM") and other remedial initiatives and community programmes to address the historical allegations of human rights abuses at the Williamson mine in Tanzania. Local engagements are now planned for Q3 FY 2022.

Our improving cash flow generation is being enabled by Project 2022, which is now in its final stages. Since commencement Project 2022 has delivered US\$182 million in cash flow benefits, exceeding its net free cash flow targets of US\$100 million to US\$150 million over the three year period to June 2022, supported by a higher incidence of Exceptional Stones.

### Health and safety

The LTIFR for H1 FY 2022 decreased to 0.18 (H1 FY 2021: 0.50). The LTIs during the Period continued to be of low severity and mostly behavioural in nature. The various remedial actions and behaviour-based intervention programmes previously announced have assisted in achieving the strong improvement in the safety trend. The total number of injuries during H1 FY 2022, which includes LTIs, decreased to 15 (H1 FY 2021: 19). Petra continues to target a zero-harm working environment.

COVID-19 remains a risk to the health and safety of the Group's workforce. Petra has implemented systems and strategies across all its operations aimed at preventing and/or containing the spread of the virus. Petra's focus remains on a vaccination drive of its employees. In South Africa, 2,228 employees have been fully vaccinated (53% of the workforce) and 266 partially vaccinated (16% of the workforce), while at Williamson the vaccination campaign is progressing, although the roll-out has been slower. More information on the Company's response to the pandemic is available on its website: <https://www.petradiamonds.com/sustainability/health-and-safety/our-response-to-covid-19/>.

## **Production and operations**

H1 FY 2022 production was in line with guidance and totalled 1,777,424 carats (H1 FY 2021: 1,740,862 carats). During the Period, Williamson resumed production, having been on care and maintenance since April 2020, while steps to address both the prior waste ingress at Finsch as well as the convergence of a tunnel during the Period at Cullinan have yielded positive results.

As previously announced, during September 2021 convergence was experienced at the southern end of Tunnel 41 in the C-Cut. Remedial action was focused on arresting convergence by stabilising the affected pillars and re-establishing access to the production tunnel. The impact on production is now estimated to be a loss of approximately 11,000 tonnes per month to the end of November 2022. Cullinan is still expected to deliver on its annual guidance for FY 2022 of 1.7 to 1.9 Mcts.

We have made good progress on the BRE Projects at Finsch and Koffiefontein, initiated in July 2021 to comprehensively review and improve the mines' cost bases and enhance operating margins. Transition plans with recommended deliverables and due dates have been drafted for both operations.

- The plan for Finsch concluded that it is possible to meet the targeted production levels of c. 2.8 - 3.1 Mt per annum with a significant reduction in the cost base in excess of ZAR100 million (c. US\$6.7 million) per annum. This level of cost savings ensures a long-term sustainable operation.
- The BRE Project conclusion for Koffiefontein reaffirmed the current mine plan to 2025. At the same time, ideas identified to reduce cost and improve efficiencies will result in curtailing negative cash flow.

Production ramp-up at Williamson commenced during H1 FY 2022 with 1.4 Mt ROM processed in the period, yielding 82.9 Kcts, including the exceptional 32.32 carat pink stone covered in 'Diamond Sales'.

## **Diamond market**

The diamond market ended the calendar year in a strong state, with evidence of buoyant jewellery sales during the important festive retail period as consumers released pent-up demand for luxury items. The recent Bain Diamond Report 2021-22 estimates that the diamond jewellery market experienced decade-high growth of +29% to c. US\$84 billion in 2021, with the major US market growing 38% as consumers were keen to spend the savings accumulated in 2020 on meaningful items.

Demand at Petra's most recent tender spanned across the entire spectrum of rough assortments and sizes and reflected the shortages of goods further to the recent contraction of global rough supply.

Petra's Investor Day presentation today will address the compelling fundamentals of the diamond market, where the supply side is characterised by a small and depleting number of producing mines globally, with very limited exploration and new projects in the pipeline. The demand side continues to be driven by growing middle classes worldwide and the broadening of opportunities to give and receive diamonds to mark the most important milestones in our lives.

The Company continues to closely monitor the impact of COVID-19 on its clients' ability to attend tenders and will continue its flexible approach in planning its upcoming sales events.

## **Diamond sales**

H1 FY 2022 revenue increased 49% to US\$264.7 million (H1 FY 2021: US\$178.1 million) driven by the sale of Exceptional Stones totalling US\$77.9 million (H1 FY 2021: US\$40.4 million), being:

- the exceptional 39.34 carat blue diamond from the Cullinan mine sold for US\$40.2 million;
- the 342.92 carat Type IIa white diamond from the Cullinan mine sold for US\$10.0 million (the Company has retained a 50% interest in the profit uplift of the polished proceeds, after costs, of the 342.92 carat white diamond, as well as an 18.30 carat Type IIb blue diamond which sold for US\$3.5 million);
- the exceptional 32.32 carat pink diamond from the Williamson mine sold for US\$13.8 million; and
- the 295.79 carat white diamond from the Cullinan mine sold for US\$13.9 million.

H1 revenue also benefited from realised diamond prices on a like-for-like basis being up ca. 16% compared to the preceding six-month period to 30 June 2021.

Sales volumes reduced by some 7% compared to the comparative period when significantly higher volumes were sold, mostly off-tender, following the inventory build witnessed late in FY 2020 after the initial COVID-19 outbreak. Tender volumes and resultant diamond inventories have now normalised in line with normal tender timings.

Prices achieved during H1 FY 2022 are set out in the table below:

Mine	Actual H1 FY 2022	Actual H1 FY 2021	Actual FY 2021
	(US\$/ct)	(US\$/ct)	(US\$/ct)
Cullinan	192	120	111
Finsch	97	71	77
Koffiefontein	538	590	419
Williamson	760	150	150

## Project 2022 update

Project 2022 commenced in July 2019 and has now reached the final half year of this 36-month project scheduled for completion in June 2022. The project's key focus was to increase the cash flow generation of the Company through increased production levels and reduced operating and capital expenditure, while introducing a standardised business improvement process as part of the Company's operating model.

The production results of H1 FY 2022 are testament to the positive impact of Project 2022's ideas and principles on stabilising and improving operating performance, evident at Cullinan and Finsch in particular. This, together with the positive impact of Project 2022 on the operating and capital cost performance of the operations, are expected to result in the Group exceeding its earlier guidance for net free cashflow for the three year period to June 2022 of between US\$100 and US\$150 million, by realising at least US\$200 million.

The first and second phases of the Project 2022 Organisational Design ("OD") Review have been completed, which involved updating role descriptions, grading these roles and amending the Group's Remuneration Policy to address both market competitiveness and internal equity to strategically manage the investment in our employees. The focus of the OD Project in FY 2022 is on improving performance management through developing and aligning KPIs across the business to further enhance accountability and delivery.

The transition from Project 2022 to business improvement being integrated with the Company's operating model, to ensure that the benefits of the structures and systems created by Project 2022 continue over the longer term, is in progress and is scheduled to be concluded by June 2022.

### **Williamson Mine – human rights update**

Petra has implemented various remedial initiatives and is putting in place the Independent Grievance Mechanism (“IGM”) as well as community programmes to address the historical allegations of human rights abuses at the Williamson mine in Tanzania. More information on this can be found on Petra's website at: <https://www.petradiamonds.com/our-operations/our-mines/williamson/allegations-of-human-rights-abuses-at-the-williamson-mine/>.

During H1 FY 2022, a series of engagements with Government Ministries and Agencies, Civil Society and NGOs were conducted in Dodoma and Dar es Salaam, seeking feedback and support on the proposed design of the IGM. Local engagements, particularly with those for whom the IGM is intended, are planned for Q3 FY 2022, following successful engagements at the national level. The current target is for the launch of the pilot phase of the IGM by the end of August 2022 (Q1 of FY 2023) provided that meaningful engagement with all stakeholders is completed by the end of March 2022. This will allow the IGM to be fully operational by the end of Q1 FY 2023.

Whilst the IGM is still being developed, a mechanism has been set up to enable community members to confidentially and securely register alleged historical Tier 2 grievances. This mechanism continues to receive such grievances and a significant number have been registered to date. As the IGM is not yet operational, and therefore unable to commence the investigation of such grievances, it is too early to evaluate the merits of these grievances.

As previously announced, a number of projects are being put in place to provide sustainable benefits to the communities located close to the mine, with in excess of one million pounds of agreed funding paid by Petra into an escrow account to fund these projects.

The gender-based violence campaign has since been launched and continues to gain traction within the community. The medical support services project at Mwadui hospital commenced on 10 January 2022 with physiotherapy screening being provided to community members, as part of the project.

During H1 FY 2022, there was a total of 295 reported incidents of illegal incursions onto the Williamson mine lease area, resulting in twelve illegal miners, ten security officials and five police officials suffering minor injuries and 74 arrests being made. These incidents will be further investigated as appropriate and corrective actions taken where necessary. Subject to the outcome of these investigations, the Company believe the Williamson Diamonds Limited (“WDL”) and contracted security teams acted in accordance with the Voluntary Principles on Security and Human Rights.

WDL is also continuing its extensive engagement with communities around the mine to highlight the dangers of illegal mining, seeking to reduce illegal incursions onto the Williamson mine lease area, with a particular focus on seeking to reduce or eliminate the involvement of minors in illegal mining. Further, WDL continues its engagement at local and central Government level to work with the authorities to act against the illegal syndicates that are believed to be funding many of the incursions.

Petra will continue to monitor the effects of actions taken to date and is committed to the programmes and initiatives detailed in its 12 May 2021 announcement, available on the website link noted above.

### **Williamson – Framework Agreement and Memorandum of Understanding**

On 13 December 2021, a Framework Agreement was entered into with the Government of Tanzania regarding the Williamson mine, reducing Petra's indirect shareholding from 75% to 63%. On 15 December 2021 a non-binding Memorandum of Understanding (“MoU”) was entered into to sell 50%

(less one share) of the entity that holds Petra's shareholding in WDL to Caspian Limited. Upon completion of the transactions contemplated by the MoU and the capital restructuring in the Framework Agreement becoming effective (expected in H2 2022), Petra and Caspian will each indirectly hold a 31.5% stake in WDL, but with Petra retaining control through its controlling interest in the entity that holds Petra's shares in WDL and the Government of Tanzania holding the remaining 37%. These agreements are in line with Petra's objective of reducing its exposure in Tanzania while retaining control. The Williamson mine is therefore no longer classified as an asset held for sale and has been consolidated for the period ending 31 December 2021. For further detail refer to note 17.

## Share consolidation

On 29 November 2021 the Company completed a share consolidation of one new share for every 50 existing shares, with the Company's resultant issued share capital now consisting of 194,201,785 ordinary shares of 0.05 pence each.

## FINANCIAL RESULTS

### SUMMARY RESULTS (unaudited)

	6 months to 31 December 2021 ("H1 FY 2022")	6 months to 31 December 2020 ("H1 FY 2021")	Year ended 30 June 2021 ("FY 2021")
	US\$ million	US\$ million	US\$ million
Revenue	264.7	178.1	406.9
Adjusted mining and processing costs <sup>1</sup>	(109.8)	(99.2)	(276.1)
Other direct income	0.3	5.1	6.8
<b>Profit from mining activity<sup>2</sup></b>	<b>155.2</b>	<b>84.0</b>	<b>137.6</b>
Other corporate income	0.6	—	—
Adjusted corporate overhead <sup>16</sup>	(4.9)	(3.2)	(7.4)
<b>Adjusted EBITDA<sup>3</sup></b>	<b>150.9</b>	<b>80.8</b>	<b>130.2</b>
Depreciation and Amortisation	(43.5)	(38.2)	(80.8)
Share-based expense	(0.1)	(0.2)	(0.5)
Net finance expense	(16.2)	(35.9)	(67.2)
<b>Adjusted profit/(loss) before tax</b>	<b>91.1</b>	<b>6.5</b>	<b>(18.3)</b>
Tax expense (excluding taxation credit / charge on impairment charge and unrealised foreign exchange gain / (loss)) <sup>13</sup>	(24.7)	(3.8)	(7.2)
<b>Adjusted net profit/(loss) after tax<sup>4</sup></b>	<b>66.4</b>	<b>2.7</b>	<b>(25.5)</b>
Impairment reversal / (charge) – operations and other receivables <sup>5</sup>	0.1	(0.2)	(38.4)
Impairment of BEE loans receivable – expected credit loss release <sup>6</sup>	—	4.6	5.8
Gain on extinguishment of Notes net of unamortised costs	—	—	213.3
Profit on disposal of subsidiary <sup>7</sup>	—	14.7	14.7
Recovery / (costs) and fees relating to investigation and settlement of human rights abuse claims	0.2	—	(12.7)
Provision for unsettled and disputed tax claims	—	—	(19.5)
Net unrealised foreign exchange (loss) / gain	(28.7)	65.1	74.6
Taxation credit / (charge) on unrealised foreign exchange (loss) / gain <sup>13</sup>	11.1	(19.3)	(19.9)
Taxation credit on impairment charge	—	—	4.2
<b>Net profit after tax</b>	<b>49.1</b>	<b>67.6</b>	<b>196.6</b>
<b>Earnings per share attributable to equity holders of the Company – US cents</b>			

Basic profit per share	22.29	315.29	260.70
Adjusted profit / (loss) per share <sup>8</sup>	29.01	4.23	(36.20)

		As at 31 December 2021	As at 31 December 2020	As at 30 June 2021
	Unit	(US\$ million)	(US\$ million)	(US\$ million)
Cash at bank including Williamson– (including restricted amounts)	US\$m	272.3	106.3	173.0
Cash at bank - Williamson	US\$m	16.5	2.5	9.2
Diamond debtors – including Williamson	US\$m	0.4	3.7	38.3
Diamond debtors – Williamson	US\$m	—	—	—
Diamond inventories - including Williamson <sup>14</sup>	US\$m /Cts	79.6 819,252	105.0 1,385,402	56.5 637,676
Diamond inventories - Williamson <sup>14</sup>	US\$m Cts	20.5 133,239	11.4 76,977	11.4 76,977
US\$336.7m loan notes (issued March 2021) <sup>9</sup>	US\$m	346.4	—	327.3
US\$650 million loan notes <sup>9</sup>	US\$m	—	702.0	—
Bank loans and borrowings <sup>10</sup>	US\$m	78.6	61.2	103.0
BEE partner bank facilities <sup>11</sup>	US\$m	—	47.2	—
Consolidated Net debt <sup>12</sup>	US\$m	152.3	700.4	228.2
Bank facilities undrawn and available <sup>10</sup>	US\$m	0.6	—	7.7

**The following exchange rates have been used for this announcement: average for H1 FY 2022 US\$1:ZAR15.03 (H1 FY 2021: US\$1: ZAR16.27, FY 2021: US\$1:ZAR15.41); closing rate as at 31 December 2021 US\$1:ZAR15.99 (31 December 2020 US\$1:ZAR14.69, 30 June 2021: US\$1:ZAR14.27).**

**Notes:**

The Group uses several non-GAAP measures above and throughout this report to focus on actual trading activity by removing certain non-cash or non-recurring items. These measures include adjusted mining and processing costs, profit from mining activities, adjusted EBITDA, adjusted net profit after tax, adjusted earnings per share, adjusted US\$ loan note, net debt and consolidated net debt for covenant measurement purposes. As these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Group's definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies. The Board believes that such alternative measures are useful as they exclude one-off items such as the impairment charges and non-cash items to provide a clearer understanding of the underlying trading performance of the Group.

- Adjusted mining and processing costs are mining and processing costs stated before depreciation.
- Profit from mining activities is revenue less adjusted mining and processing costs plus other direct income.
- Adjusted EBITDA is stated before depreciation, amortisation of right-of-use asset, costs and fees relating to investigation and settlement of human rights abuse claims, share-based expense, net finance expense, tax expense, loss on discontinued operations, net of tax, impairment charges, expected credit loss release/ (charge), gain on extinguishment of Notes net of unamortised costs, profit on disposal of subsidiary and net unrealised foreign exchange gains and losses.
- Adjusted net profit/(loss) after tax is net profit/(loss) after tax stated before impairment charge, expected credit release (loss) provision, gain on extinguishment of Notes net of unamortised costs, profit on disposal net unrealised foreign exchange gains and losses, and excluding taxation (charge) credit on net unrealised foreign exchange gains and losses and excluding taxation credit on impairment charge.
- Impairment reversal of US\$0.1 million (30 June 2021: US\$38.4 million charge and 31 December 2020: US\$0.2 million charge) was due to the Group's impairment review of its operations and other receivables. Refer to note 15 for further details.
- Reversal of impairment of BEE loans receivable of US\$nil (30 June 2021: US\$5.8 million and 31 December 2020: US\$4.6 million) is due to the Group's expected credit loss assessment of its BEE loans receivable. Refer to note 11 for further details.
- The profit on disposal of subsidiary of US\$14.7 million in FY2021 includes the reclassification of foreign currency translation reserve, net of tax of Sekaka Diamonds (Pty) Ltd.

8. Adjusted EPS is stated before impairment charge, expected credit release (loss) provision, gain on extinguishment of Notes net of unamortised costs, profit on disposal of subsidiary, costs and fees relating to investigation and settlement of human rights abuse claims, net unrealised foreign exchange gains and losses, and excluding taxation (charge) credit on net unrealised foreign exchange gains and losses and excluding taxation credit on impairment charge.
9. The US\$336.7 million loan notes have a carrying value of US\$346.4 million (FY2021: US\$327.3 million) which represents the gross capital of US\$336.7 million of notes, plus accrued interest and net of unamortised transaction costs capitalised, issued following the capital restructuring (the "Restructuring") completed during March 2021. Refer to detailed Debt Restructuring Note 18.
- The US\$650 million loan notes represent the gross capital of US\$650 million of notes issued on April 2017, plus accrued and unpaid interest for the relevant periods; these loan notes were settled in full following the completion of the Restructuring.
10. Bank loans and borrowings represent amounts drawn under the Group's refinanced South African bank facilities as part of the Restructuring and comprise the ZAR856.1 million term loan (US\$53.5 million), net of unamortised transaction costs capitalised of US\$1.2 million, and ZAR402.2 million (US\$25.1 million) drawn (including accrued interest) under the ZAR408.8 million (US\$30.1 million) revolving credit facility. Under the revolving credit facility, ZAR8.8 million (US\$0.6 million) remains undrawn and available. During FY 2021 and as part of the Restructuring, the BEE partner bank facilities (which comprised the BEE guarantees) were settled by the Group through proceeds of the ZAR1.2 billion term loan. Post Period end, the Group settled the RCF (capital plus interest), for further detail refer to note 19.
11. BEE partner bank facilities represents the BEE guarantees of US\$nil (ZARnil) (30 June 2021: US\$nil (ZARnil) and 31 December 2020: US\$47.2 million (ZAR692.8 million)).
12. Consolidated Net Debt is bank loans and borrowings plus loan notes, less cash, less diamond debtors plus BEE partner bank facilities.
13. Tax (expense) / credit is the tax (expense) / credit for the Period excluding taxation credit / (charge) on impairment charge and unrealised foreign exchange gain / (loss) generated during the Period, such exclusion more accurately reflects resultant Adjusted net profit / (loss).
14. Williamson's diamond inventory includes the 71,654.45 carat parcel of diamonds blocked for export during August 2017, with a carrying value of US\$10.6 million. In terms of the framework agreement reached with the Government of Tanzania, as announced on 13 December 2021, the proceeds from the sale of this parcel will be allocated to Williamson.
15. Operational free cashflow is defined as cash generated from operations less acquisition of property, plant and equipment.

## Revenue

H1 FY2022 revenue increased 49% to US\$264.7 million (H1 FY 2021: US\$178.1 million) driven by sales from Exceptional Stones contributing US\$77.9 million during the Year (H1 FY 2021: US\$40.4 million); supported by the strong diamond market. Diamonds sold for the Period decreased 7% to 1,595,851 carats (H1 FY 2020: 1,712,797 carats), which was offset by rough diamond prices on a like-for-like basis by increasing ca. 16% compared to H1 FY2021.

## Mining and processing costs

The mining and processing costs for H1 FY 2022 are comprised of on-mine cash costs as well as other operational expenses. A breakdown of the total mining and processing costs for the Year is set out below.

	On-mine cash costs <sup>1</sup>	Diamond royalties	Diamond inventory and stockpile movement	Group technical, support and marketing costs <sup>2</sup>	Adjusted mining and processing costs	Depreciation <sup>3</sup>	Total mining and processing costs (IFRS)
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
H1 FY 2022	129.8	3.4	(29.5)	6.1	109.8	43.1	152.9
H1 FY 2021	94.4	2.4	(5.9)	8.3	99.2	37.7	136.9
FY 2021 <sup>4</sup>	208.9	3.2	42.2	21.8	276.1	80.0	356.1

**Notes:**

1. Includes all direct cash operating expenditure at operational level, i.e. labour, contractors, consumables, utilities and on-mine overheads.
2. Certain technical, support and marketing activities are conducted on a centralised basis.
3. Includes amortisation of right-of-use assets under IFRS 16 of US\$0.6 million (H1 FY2021: US\$2.3 million and FY 2021: US\$0.6 million) and excludes exploration and corporate / administration.
4. For comparative purposes, the FY 2021 figures include Williamson as it is no longer held for sale at 31 December 2021.

Absolute on-mine cash costs in H1 FY 2022 increased by ca. 37% compared to H1 FY 2021 and in line with expectations, due to:

- The effect of translating ZAR denominated costs at the South African operations at a stronger ZAR/USD average exchange rate (ca. 9.2% increase);
- Williamson mine resuming production in H1 FY2022 after being on care and maintenance throughout the period in H1 FY2021 (ca. 11.2% increase);
- Other cost movements, due to deferral of certain expenditure as a result of the Covid-19 restrictions during H1 FY2021, as well as the impact of T41 Tunnel convergence at CDM (ca. 4.0% increase); and
- inflationary increases (ca. 6.9% increase), the impact of electricity costs (2.1% increase) and annual labour increases for FY2021 deferred to January 2021 (ca. 3.6% increase).

Royalties increased to US\$3.4 million (H1 FY 2021: US\$2.4 million) due to an increase royalty percentage following increase in profit net of capex, as defined in the royalty legislation of South Africa.

**Profit from mining activities**

Profit from mining activities increased 85% to US\$155.2 million (H1 FY 2021: US\$84.0 million), mainly due to improved diamond pricing and the contributions from Exceptional Stones.

*Adjusted corporate overhead – general and administration*

Corporate overhead (before depreciation and share based payments) increased to US\$4.9 million for the Period (H1 FY 2021: US\$3.2 million) mainly attributable to the ZAR strengthening against the USD and the increase in corporate governance structures, strategic developments and Board appointments introduced during the Period.

*Adjusted EBITDA*

Adjusted EBITDA, being profit from mining activities less adjusted corporate overhead, increased 87% to US\$150.9 million (H1 FY 2021: US\$80.8 million), representing an adjusted EBITDA margin of 57% (H1 FY 2021: 45%), driven by the contribution from Exceptional Stones, the stronger diamond market and diamond prices achieved.

*Depreciation and amortisation*

Depreciation and amortisation for the Period increased to US\$43.1 million (H1 FY 2021: US\$37.7 million), mainly due to the strengthening of the ZAR against the USD and production recommencing at Williamson.

*Impairment reversal / charge*

As a result of the impairment reviews carried out at Cullinan, Finsch, Koffiefontein and Williamson, and the Group's other receivables during the Period, the Board recognised an overall net impairment reversal of US\$0.1 million (H1 FY 2021: US\$0.2 million impairment charge), comprising impairment charges of the Williamson VAT receivable of US\$0.7 million (H1 FY2021: US\$0.2 million) and Koffiefontein property, plant and equipment of US\$0.3 million (H1 FY2021: US\$nil) and the recoupment of US\$1.1 million previously impaired in respect of the KEM JV receivable. Further details are provided in note 15.

Impairment reviews carried out at Cullinan, Finsch, and Williamson operational assets did not result in an impairment charge or reversal during the Period (H1 FY 2021: US\$nil). Asset level impairments

at Koffiefontein amount to US\$0.3 million (H1 FY 2021: US\$nil), of the Group's carrying value of property, plant and equipment of US\$624.0 million (H1 FY 2021: US\$773.3 million) pre-impairment.

#### *Impairment of BEE loans receivable – expected credit loss provision*

The Group has applied the expected credit loss impairment model to its BEE loans receivable. In determining the extent to which expected credit losses may apply, the Group assessed the future free cashflows to be generated by the mining operations based on the current mine plans. Based on the assessment, the Group's free cashflows generated indicated a net credit loss reversal of US\$nil (H1 FY2021: US\$4.6 million expected credit loss reversal, comprising of US\$4.6 million provision reversal in respect of Cullinan and Finsch (refer to note 2 for further detail).

#### *Net financial income*

Net financial expense of US\$44.9 million (H1 FY 2021: US\$29.2 million income) comprises:

- net realised foreign exchange gain on settlement of forward exchange contracts of US\$8.8 million (H1 FY 2021: US\$3.6 million foreign exchange losses).
- interest received on bank deposits of US\$0.5 million (H1 FY 2021: US\$0.4 million);
- net interest receivable on the BEE partner loans and amortisation of lease liabilities in accordance with IFRS 16 of US\$1.3 million (H1 FY 2021: US\$2.6 million net interest payable) offset by:
  - interest on the Group's debt and working capital facilities of US\$23.8 million (H1 FY 2021: US\$27.6 million);
- a charge for the unwinding of the present value adjustment for Group rehabilitation costs of US\$3.0 million (H1 FY 2021: US\$2.5 million); and
- net unrealised foreign exchange losses of US\$28.7 million due to the ZAR strengthening against the US Dollar (H1 FY 2021: US\$65.1 million foreign exchange gains – ZAR weakness against the US Dollar) representing (i) the unrealised foreign exchange gains/losses on the foreign currency retranslation of cross border loans considered to be repayable in the foreseeable future, and (ii) unrealised losses on forward exchange contracts (refer to note 6 for further detail);

#### *Tax credit / charge*

The tax charge of US\$13.6 million (H1 FY 2021: US\$23.1 million) comprising deferred tax charge of US\$24.3 million (H1 FY 2021: US\$3.8 million) in respect of the utilisation of capital allowances at Cullinan and Finsch and US\$11.1 million deferred tax credit (US\$19.3 million charge due to unrealised foreign exchange gains) relating to unrealised foreign exchange losses during the Period, which reduced existing deferred tax liabilities, with an income tax charge of US\$0.4 million at Finsch for the Period (H1 FY 2021: US\$nil).

#### *Profit on disposal of subsidiary including associated impairment, net of tax*

In H1 FY2021, the profit on disposal of subsidiary including associated impairment, net of tax of US\$14.7 million relates to the Group's disposal of its interests in Sekaka, its exploration operations in Botswana, and is made up of a US\$0.3 million disposal consideration, net profit of US\$1.3 million for the Period 1 July 2020 to the 30 November 2020 disposal date and the recycling of the foreign currency translation reserve of US\$13.3 million, offset by a net asset disposal amount of US\$0.2 million. Refer to Note 16 for the detailed breakdown.

#### *Williamson*

At the end of FY2021, the Board had decided to review its strategic options at Williamson and the asset was classified as an asset held for sale.

In terms of the IFRS requirements to measure the assets of a disposal group at the lower of carrying amount and fair value less costs to sell, the determination of the fair value is complex and subject to considerable judgement. Based on management's best estimate of the fair value at 30 June 2021, the following amounts were recognised as a result of that reclassification:

- An impairment charge of US\$21.4 million in respect of property, plant and equipment;
- A US\$11.2 million charge attributable to Williamson's net loss for FY2021; and

- A US\$19.5 million provision for unsettled and disputed tax claims arising from the ordinary course of business.

During H1 FY2022, the Group entered into a Framework Agreement with the Government of Tanzania regarding the Williamson mine reducing Petra's indirect shareholding from 75% to 63%. Petra also entered into a non-binding Memorandum of Understanding ("MoU") to sell 50% less one share of the entity that holds Petra's shareholding in WDL to Caspian Limited. Upon completion of the transactions contemplated by the MoU and the capital restructuring in the Framework Agreement becoming effective (expected in H2 FY2022), Petra and Caspian will each indirectly hold a 31.5% stake in WDL, but with Petra retaining a controlling interest in WDL and the Government of Tanzania holding the remaining 37%. These agreements are in line with Petra's objective of reducing its exposure in Tanzania while retaining control, through its controlling interest in the entity that holds Petra's shares in WDL. The Williamson mine is therefore no longer classified as an asset held for sale in H1 FY2022 which is the same treatment for the period H1 FY2021. Refer to Note 17 for additional detail.

#### *Group profit / loss*

The Group's net profit after tax is US\$49.1 million (H1 FY 2020: US\$67.6 million) impacted by negative non-cash foreign exchange movement amounting to US\$63.4 million (net of tax)

#### *Earnings per share*

Basic profit per share from continuing operations of 22.29 US\$ cents was recorded (H1 FY 2021: 315.29 US\$ cents, including gain on extinguishment of Notes).

Adjusted profit per share from continuing operations (adjusted for impairment charges, taxation credit on net unrealised foreign exchange losses and net unrealised foreign exchange gains and losses) of 29.01 US\$ cents was recorded (H1 FY 2021: 4.23 US\$ cents loss (adjusted for impairment charges, taxation charge on net unrealised foreign exchange gains and net unrealised foreign exchange gains and losses)).

The comparative basic profit per share and adjusted profit per share have been adjusted to give effect to the share consolidation of one new share for every 50 existing shares completed on 29 November 2021, with the Company's resultant issued share capital now consisting of 194,201,785 ordinary shares of 0.05 pence each.

#### *Operational free cash flow*

During the Period operational free cash flow of US\$122.4 million (H1 FY 2021: US\$54.0 million before restructuring fees of US\$15.5 million) reflects the impact from the sale of Exceptional Stones and stronger diamond prices. This strong cash flow performance compared to H1 FY2021 was positively impacted by:

- US\$4.8 million inflow (H1 FY 2021: US\$5.7 million outflow) cash finance expenses net of finance income and net realised foreign exchange gains/(losses).

This was offset by:

- Restructuring fees settled during the Period of US\$nil (H1 FY 2020:US\$15.5 million; FY 2021 US\$29.9 million); and
- US\$3.5 million dividend paid to BEE partners (H1 FY 2021: US\$5.0 million advances to BEE partners, largely related to servicing of BEE bank debt, with the advances recoverable against future BEE partner distributions).

#### *Cash and Diamond Debtors*

As at 31 December 2021, Petra had cash at bank of US\$272.3 million (H1 FY 2021: US\$106.3 million). Of these cash balances, US\$256.7 million was held as unrestricted cash (H1 FY 2021: US\$92.4 million), US\$14.8 million was held by Petra's reinsurers as security deposits on the Group's cell captive insurance structure (with regards to the Group's environmental guarantees) (H1 FY 2021: US\$12.9 million) and US\$0.8 million was held by Petra's bankers as security for other environmental rehabilitation bonds lodged with the Department of Mineral Resources and Energy in South Africa (H1 FY 2021: US\$0.8 million).

Diamond debtors at 31 December 2021 were US\$0.4 million (H1 FY 2021: US\$3.7 million).

#### *Loans and Borrowings*

The Group had loans and borrowings (measured under IFRS) at Period end of US\$425.3 million (H1 FY 2021: US\$810.4 million) mainly comprised of US\$346.4 million Notes (includes US\$30.5 million accrued interest and unamortised transaction costs of US\$17.3 million) (H1 FY 2020: US\$702.0 million), bank loans and borrowings of US\$78.6 million (includes interest of US\$0.1 million and unamortised transaction costs of US\$1.7 million) (H1 FY 2021: US\$61.2 million) and BEE partner bank facilities of US\$nil (H1 FY 2021: US\$47.2 (off-balance sheet guarantees)). Bank debt facilities undrawn and available to the Group at 31 December 2021 were US\$0.6 million (H1 FY 2021: US\$nil). Post Period end, the Company repaid the RCF of ZAR404.5 million (US\$25.3 million), the RCF facility was not cancelled and remains available to the Group.

Consolidated net debt at 31 December 2021 was US\$152.3 million (H1 FY 2021: US\$700.4 million).

#### *Covenant Measurements attached to banking facilities*

The Company's EBITDA-related covenants associated with its banking facilities during the Period were as outlined below:

- To maintain a 1.3x debt service cover ratio tested semi-annually on a rolling 12-month basis; and
- To maintain liquidity requirements, of ZAR200 million (US\$12.5 million) based on covenant measurements every half year. The minimum liquidity requirement immediately after a Fixed Income Investor's coupon repayment is US\$20.0 million.

Post Period end, Petra refinanced its first lien banking facilities with amended covenants. For further detail refer to Note 19 below.

#### *Going concern considerations*

The Board has reviewed the Group's forecasts with various sensitivities applied, for the 18 months to June 2023, including both forecast liquidity and covenant measurements. As per the First Lien agreements, the liquidity and covenant measurements exclude contributions from Williamson's trading results and only recognises cash distributions payable to Petra upon forecasted receipt, or Petra's funding obligations towards Williamson upon payment.

The Board has given careful consideration to potential risks identified in meeting the forecasts under the review period. These included risks associated with COVID-19, the likelihood and impact of which has been assessed as having reduced since the previous report date. As such, the risks of production disruptions, deferral of tenders due to travel restrictions and adverse impacts on diamond pricing directly related to COVID-19 were removed from the sensitivity analyses. Instead, more general disruptions to operations were considered, which may relate to, inter alia, either COVID-19, labour or adverse weather conditions.

The following have been key considerations in assessing the Group's ability to operate as a going concern at the date of this report:

- a disruption in forecast production taking production offline for a period of two weeks at either Cullinan or Finsch;
- a sustained 5% decrease in forecast rough diamond prices throughout the forecast period;
- a sustained 5% decrease in forecast rough diamond prices throughout the forecast period; and
- a combination of the above.

Under all the cases, the forecasts indicate that the Company will be able to operate within the covenants and maintain sufficient liquidity. The Group's liquidity outlook over the 18-month period to June 2023 remains strong, even when applying sensitivities to the base case forecast.

The forward-looking covenant measurements associated with the new First Lien facility do not indicate any breaches during the 18-month review period, both in the base case and all stressed cases, although the combined stressed case shows marginal headroom for the required interest

cover ratio, specifically in the December 2022 measurement period. The above-plan actual cash flow generation during H1 FY 2022 coupled with improving market conditions and further supported by more appropriate First Lien facilities and covenants, mitigated the risk of covenant breaches in the 18-month forecast period as previously noted in the Company's going concern assessment included in the FY 2021 Annual Report.

As a result, the Board concluded that there are no material uncertainties that would cast doubt of the Company continuing as a going concern. See 'Basis of preparation including going concern' in the Financial Statements for further information.

#### Capex

Total Group Capex for the Period increased to US\$16.7 million (H1 FY 2021: US\$8.6 million), comprising:

- US\$11.7 million expansion Capex (H1 FY 2021: US\$6.3 million); and
- US\$5.0 million sustaining Capex (H1 FY 2021: US\$2.3 million).

Capex	Unit	H1 FY 2022	H1 FY 2021
Cullinan	US\$m	12.5	5.9
Finsch	US\$m	2.5	1.3
Koffiefontein	US\$m	0.3	0.6
Williamson	US\$m	0.8	0.3
<b>Subtotal – Capex incurred by operations</b>	US\$m	<b>16.1</b>	<b>8.1</b>
Corporate	US\$m	0.6	0.5
<b>Total Group Capex</b>	US\$m	<b>16.7</b>	<b>8.6</b>

#### Dividend

No dividend was declared for H1 FY 2022 (H1 FY2021: US\$nil).

## OPERATIONAL REVIEW

### H1 FY 2022 Sales, Production and Capex – Summary

	Unit	H1 FY 2022	H1 FY 2021	Variance	FY 2021 <sup>1</sup>
<b>Sales</b>					
Diamonds sold	Carats	1,595,851	1,712,797	-7%	3,960,475
<b>Gross revenue</b>	<b>US\$m</b>	<b>264.7</b>	<b>178.1</b>	<b>+49%</b>	<b>406.9</b>
<b>Production</b>					
ROM tonnes	Mt	5.4	4.2	+29%	7.7
Tailings & other <sup>1</sup> tonnes	Mt	0.2	0.2	0%	0.4
<b>Total tonnes treated</b>	<b>Mt</b>	<b>5.6</b>	<b>4.4</b>	<b>+27%</b>	<b>8.1</b>
<b>ROM diamonds</b>	Carats	1,649,989	1,644,846	0%	3,057,860
Tailings & other diamonds	Carats	127,435	96,016	+33%	182,452
<b>Total diamonds</b>	<b>Carats</b>	<b>1,777,424</b>	<b>1,740,862</b>	<b>+2%</b>	<b>3,240,312</b>
<b>Capex</b>					
Expansion	US\$m	11.7	6.3	+86%	16.9
Sustaining	US\$m	5.0	2.3	+117%	6.9
<b>Total</b>	<b>US\$m</b>	<b>16.7</b>	<b>8.6</b>	<b>+94%</b>	<b>23.8</b>

#### Note:

1. FY2021 comparatives have been restated to include Williamson.

Overall carat production increased 2% to 1,777,424 carats (H1 FY 2021: 1,740,862 carats), largely attributable to Williamson resuming production during the Period, following an extended period of care and maintenance.

## Cullinan – South Africa

	Unit	H1 FY 2022	H1 FY 2021	Variance	FY 2021
<b>Sales</b>					
Gross revenue	US\$M	167.7	107.3	+56%	250.6
Diamonds sold	Carats	872,304	894,758	-3%	2,261,058
Average price per carat	US\$	192	120	+60%	111
<b>ROM Production</b>					
Tonnes treated	Tonnes	2,306,986	2,339,473	-1%	4,614,802
Diamonds produced	Carats	843,202	913,626	-8%	1,761,490
Grade <sup>1</sup>	Cpht	36.5	39.1	-7%	38.2
<b>Tailings Production</b>					
Tonnes treated	Tonnes	238,293	221,385	+8%	445,538
Diamonds produced	Carats	127,435	96,016	+33%	182,452
Grade <sup>1</sup>	Cpht	53.5	43.4	+23%	41.0
<b>Total Production</b>					
Tonnes treated	Tonnes	2,545,279	2,560,858	-1%	5,060,339
<b>Diamonds produced</b>	<b>Carats</b>	<b>970,637</b>	<b>1,009,642</b>	<b>-2%</b>	<b>1,943,942</b>
<b>Costs</b>					
On-mine cash cost per total tonne treated	ZAR	298	239	+25%	260
<b>Capex</b>					
Expansion Capex	US\$m	10.2	5.2	+96%	14.5
Sustaining Capex	US\$m	2.3	0.7	+229%	2.3
<b>Total Capex</b>	<b>US\$m</b>	<b>12.5</b>	<b>5.9</b>	<b>+112%</b>	<b>16.8</b>

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.

### Production

Cullinan's overall carat production decreased by 4% to 970,637 carats (H1 FY 2021: 1,009,642 carats). ROM production decreased by 8% to 843,202 carats (H1 FY 2021: 913,626 carats) partially offset by an increase in Tailings production of 127,435 carats (H1 FY 2021: 96,016 carats). ROM production was impacted by the convergence experienced in Tunnel 41 on the eastern side of the C-Cut block cave during the Period. Although the ROM grade of 36.5 cpht (H1 FY 2020: 39.1 cpht) was at the lower end of FY 2022 guidance, we maintain our guidance for the full year.

### Sales

Cullinan's revenue increased 56% to US\$167.7million (H1 FY 2021: US\$107.3 million), due to the sale of three Exceptional Stones for US\$64.1 million (H1 FY 2021: US\$40.4 million), as well as the increase in diamond prices on a like-for-like basis of ca.16% compared to the preceding six-month period to 30 June 2021.

### Costs

The on-mine unit cash cost per total tonne treated increased 25% to ZAR298 (H1 FY 2021: ZAR239), mainly resulting from the low unit cost in H1 FY 2021 due to deferral of certain expenditure as result of the Covid-19 restrictions (H1 FY 2021: ZAR239). US\$0.5 million of additional expenditure was

incurred in H1 FY 2021 to manage the tunnel convergence in T41, and the above-CPI increases in electricity.

#### *New project*

During the Period, the board approved the CC1E project estimated at a cost of ZAR2.6 billion (US\$173 million) with an IRR in excess of 30% to deliver the current mineplan to 2031.

#### *Capex*

Cullinan's H1 FY2022 Capex spend of US\$12.5m (H1 FY 2020: US\$5.9 million) was mainly for the finalisation of the North Crusher 2 chamber, including the tip construction, development of the early access to the CC1E decline and underground workshop, and equipment for the 6<sup>th</sup> XRL stream in the processing plant.

### **Finsch – South Africa**

	Unit	H1 FY 2022	H1 FY 2021	Variance	FY 2021
<b>Sales</b>					
Gross revenue	US\$M	65.7	54.8	+20%	123.5
Diamonds sold	Carats	676,295	768,647	-12%	1,602,312
Average price per carat	US\$	97	71	+37%	77
<b>ROM Production</b>					
Tonnes treated	Tonnes	1,423,119	1,323,000	+8%	2,311,195
Diamonds produced	Carats	701,543	695,308	+1%	1,237,219
Grade	Cpht	49.3	52.6	-6%	53.5
<b>Total Production</b>					
Tonnes treated	Tonnes	1,423,119	1,323,000	+8%	2,311,195
<b>Diamonds produced</b>	Carats	<b>701,543</b>	<b>695,308</b>	<b>+1%</b>	<b>1,237,219</b>
<b>Costs</b>					
On-mine cash cost per total tonne treated	ZAR	484	456	+6%	536
<b>Capex</b>					
Expansion Capex	US\$m	1.4	0.8	+75%	1.7
Sustaining Capex	US\$m	1.1	0.5	+120%	2.3
<b>Total Capex</b>	US\$m	<b>2.5</b>	<b>1.3</b>	<b>+92%</b>	<b>4.0</b>

#### *Production*

Finsch's overall carat production was in the previous Period at 701,543 carats (H1 FY 2021: 695,308 carats).

During H1 FY 2021, the areas surrounding the Finsch mine experienced above average rainfall. Due to the excessive amount of rainfall and an influx of water into the pit, pit wall failures were experienced on the northern side of the pit. These failures have not impacted production to date, but they may have a future impact on the stability of the decline from surface which also serves as the second escape route from the underground operations. Measures to mitigate the impact on the second escape route are being put in place and include the re-commissioning of a temporary hoisting facility from surface down to the 70 level.

The BRE Project confirmed production capacity of 2.8 - 3.1mt per annum with a sustainable reduction in the cost base estimated at R100 million (US\$6.7 million) per annum.

#### *Sales*

Sales increased +20% to US\$65.7 million (H1 FY 2021: US\$54.8 million), reflecting the strong diamond market, further supported by an improving product mix, delivering a 37% increase in average value per carat.

#### Costs

Despite the above inflationary increase in costs (associated with the water ingress, additional maintenance required for an ageing fleet, and the above-CPI increases in electricity), coupled with the 8% increase in total tonnes treated, the on-mine increase in unit cash cost per total tonne treated was limited to 6% to ZAR484 (H1 FY 2021: ZAR456). This containment in the cost increase reflected the positive impact of the BRE initiatives which are sustainably lowering the fixed cost base.

#### New project

During the Period, the board approved the 3 Level SLC project estimated at a cost of ZAR3.2 billion (US\$216 million) with an IRR in excess of 30% to deliver the current mine plan to 2030.

#### Capex

Capex of US\$2.5 million for the Period (H1 FY 2021: US\$1.3 million) is higher due to the continuation of certain key projects such as Block 5 exploration drilling and 78 Level Phase 2, which were delayed in FY2021 as result of COVID-19 restrictions.

### Koffiefontein – South Africa

	Unit	H1 FY 2022	H1 FY 2021	Variance	FY 2021
<b>Sales</b>					
Gross revenue	US\$M	11.1	11.2	-1%	28.0
Diamonds sold	Carats	20,638	18,945	+9%	66,650
Average price per carat	US\$	538	590	-9%	419
<b>ROM Production</b>					
Tonnes treated	Tonnes	317,310	493,661	-36%	754,369
Diamonds produced	Carats	22,371	35,912	-38%	59,151
Grade	Cpht	7.1	7.3	-3%	7.8
<b>Total Production</b>					
Tonnes treated	Tonnes	317,310	493,661	-36%	754,369
<b>Diamonds produced</b>	<b>Carats</b>	<b>22,371</b>	<b>35,912</b>	<b>-38%</b>	<b>59,151</b>
<b>Costs</b>					
On-mine cash cost per total tonne treated	ZAR	811	459	+76%	651
<b>Capex</b>					
Expansion Capex	US\$m	0.1	0.3	-66%	0.6
Sustaining Capex	US\$m	0.2	0.3	-33%	1.1
<b>Total Capex</b>	<b>US\$m</b>	<b>0.3</b>	<b>0.6</b>	<b>-50%</b>	<b>1.7</b>

#### Production

Koffiefontein's production decreased 38% to 22,371 carats (H1 FY 2021: 35,912 carats), following tunnel depletion on 60L East, waste ingress, impacting the recovered grade, and drill rig availability during the Period affected by the ageing fleet.

#### Sales

Koffiefontein's revenue remained in line with the prior Period at US\$11.1 million (H1 FY 2021: US\$11.2 million). Higher diamond prices were offset by lower quality.

#### Costs

The unit cash cost per total tonne treated increased to ZAR811 (H1 FY 2021: ZAR459), mainly due to reduced throughput and the above-CPI increases in electricity.

The BRE Project identified opportunities to reduce costs intended to curtail negative cash flow.

#### Capex

Capex decreased to US\$0.3 million (H1 FY 2021: US\$0.6 million).

### Williamson – Tanzania

	Unit	H1 FY 2022	H1 FY 2021	Variance	FY 2021
<b>Sales</b>					
Gross revenue	US\$M	20.2	4.6	+339%	4.6
Diamonds sold	Carats	26,611	30,339	-12%	30,339
Average price per carat	US\$	760	150	+407%	150
<b>ROM Production</b>					
Tonnes treated	Tonnes	1,354,116	0	n.a	0
Diamonds produced	Carats	82,873	0	n.a	0
Grade	Cpht	6.1	0	n.a	0
<b>Total Production</b>					
Tonnes treated	Tonnes	1,354,116	0	n.a	0
<b>Diamonds produced</b>	<b>Carats</b>	<b>82,873</b>	<b>0</b>	<b>n.a</b>	<b>0</b>
<b>Costs</b>					
On-mine cash cost per total tonne treated	US\$	12	n.a	n.a.	n.a
<b>Capex</b>					
Expansion Capex	US\$m	0.0	0.0	0%	0.0
Sustaining Capex	US\$m	0.8	0.3	+166%	0.3
<b>Total Capex</b>	<b>US\$m</b>	<b>0.8</b>	<b>0.3</b>	<b>+166%</b>	<b>0.3</b>

#### Production

Following an 18 month period of care and maintenance and in light of the improving market conditions, production at Williamson recommenced during H1 FY 2022.

#### Sales

Williamson's revenue increased to US\$20.2 million (H1 FY 2020: US\$4.6 million), following the first tender of rough diamonds post the restart of operations in Q1 FY 2022. This included the sale of an exceptional 32.32 carat pink stone for US\$13.8 million.

#### Costs and Capex

On-mine cash costs were US\$12.1 per tonne treated (H1 FY2021 the operation was under care and maintenance) and capex at US\$0.8 million were in line with expectations.

### PRINCIPAL BUSINESS RISKS

The Group is exposed to a number of risks and uncertainties which could have a material impact on its long-term development, and performance and management of these risks is an integral part of the management of the Group.

A summary of the risks identified as the Group's principal external, operating and strategic risks (in no order of priority), which may impact the Group over the next twelve months, is listed below.

Risk	Risk appetite	Risk rating	Nature of risk	Change in H1 FY 2022
<b>External Risks</b>				
<b>1. Diamond price</b>	High	Medium	Long term	<b>No Change</b> – the rough diamond market remains positive with stable demand expected to continue from manufacturing centers and increased demand of polished diamonds especially over the festive season indicating a continued positive end consumer market. Sales are currently not negatively influenced by Covid-19 restrictions and the first tender of Williamson, post restart of operations, yielded good results. Exceptional stones from Cullinan and Williamson continue to boost sales revenue.
<b>2. Currency</b>	High	Medium	Long term	<b>No change</b> – the exchange rate was relatively stable over the last six months with an average of 15.14 ZAR/USD, high of 16.3 at the start of December 2021 and a low of 14.15 in September 2021.
<b>3. Country and political</b>	High	Medium	Long term	<b>Lower</b> – the risk of political instability in SA has reduced since the unrest in July and elections in November. The risk of political instability in Tanzania has also reduced under the new President and following entry by Petra into a Framework Agreement, which was subject to shareholder approval, with the Government of Tanzania that resolves various legacy matters.
<b>4. COVID-19 pandemic (operational impact)</b>	Medium	Medium	Short to medium term	<b>Lower</b> – the impact of the COVID-19 pandemic is ongoing. The new Omicron variant, identified in late November 2021, resulted in South Africa's fourth wave of infections which is believed to have already peaked and which saw much higher rates of infections, albeit lower hospitalizations and deaths. Petra's vaccination drive as well as other mitigation measures are continuing which enables Petra to manage the pandemic without any significant impact to production and sales.
<b>Operating Risks</b>				
<b>5. Mining and production</b>	Medium	Medium	Long term	<b>Lower</b> – positive throughput improvements supported by Project 2022 continue to yield good results. Production at Williamson continues to ramp up and is expected to reach full production by end of February. Steps to address prior waste ingress at Finsch and the Tunnel 41 convergence at Cullinan have yielded positive results, with production targets at both mines in line with FY 2022 annual guidance.
<b>6. ROM grade and product mix volatility</b>	Medium	Medium	Short term	<b>No change</b> – Cullinan and Finsch ROM grades remain in line or ahead of budget, whilst Koffiefontein ROM grades remain below guidance.
<b>7. Labour relations</b>	Medium	Medium	Short to medium term	<b>No change</b> – stable labour relations were experienced during H1 FY 2022. The Company reached agreement with NUM on a new three-year wage agreement for employees in the Paterson A and B Bands at the South African operations. The Company also concluded a three-year wage agreement for employees on the Paterson C-Lower Band with both NUM and UASA. Wage negotiations at Williamson are set to commence in H2 FY 2022.
<b>Strategic risks</b>				
<b>8. Financing</b>	Medium	Medium	Short to medium term	<b>Lower</b> – continued progress with Project 2022 initiatives, strong diamond markets, the sale of exceptional stones and successful management of the Covid-19 pandemic continued to support free cash flow and to further reduce net debt. Petra has signed a binding credit approved term sheet to re-finance its first lien debt which, once completed, will simplify its capital structure, lead to a less onerous covenant package and reduce financing costs.
<b>9. Licence to operate: regulatory and social impact &amp; community relations</b>	Medium	Medium	Long term	<b>No change</b> –uncertainty regarding the future at Koffiefontein has raised tensions with the community at the mine. Local community and political pressure regarding Social and Labour Plans (SLPs), jobs and business opportunities at all our mines continue. Whilst there have been delays in the implementation of the IGM and community projects at Williamson and increased pressure on the IGM through a significant increase in Tier 2 grievances being registered, recent support from the Government for the IGM should enable local engagements to proceed shortly and recent support from the District Commissioner should allow the community projects to progress. The risk of illegal incursions at

Richard Duffy  
Chief Executive Officer  
21 February 2022

## Notes

*The following definitions have been used in this announcement:*

- a. *Exceptional Stones: diamonds with a valuation and selling price of US\$5m or more per stone*
- b. *cpht: carats per hundred tonnes*
- c. *Kcts: thousand carats*
- d. *Kt: thousand tonnes*
- 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*
- m. *m: million*

**PETRA DIAMONDS LIMITED**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021

US\$ million	Notes	<b>(Unaudited)</b> <b>1 July 2021-</b> <b>31 December</b> <b>2021</b>	(Unaudited) 1 July 2020- 31 December 2020	(Restated - Audited) Year ended 30 June 2021 <sup>1</sup>
Revenue		<b>264.7</b>	178.1	406.9
Mining and processing costs		<b>(152.9)</b>	(136.9)	(356.1)
Other direct income		<b>0.3</b>	5.1	6.8
Corporate expenditure including settlement costs	5	<b>(5.2)</b>	(3.9)	(40.8)
Other corporate income		<b>0.6</b>	—	—
Impairment reversal / (charge) of non-financial assets	15	<b>0.1</b>	(0.2)	(38.4)
Impairment of BEE loans receivable – expected credit loss release	11	—	4.6	5.8
<b>Total operating costs</b>		<b>(157.1)</b>	(131.3)	(422.7)
Profit on disposal including associated impairment, net of tax	16	—	14.7	14.7
Financial income	6	<b>11.4</b>	69.0	81.6
Financial expense	6	<b>(56.3)</b>	(39.8)	(74.2)
Gain on extinguishment of Notes net of unamortised costs	6	—	—	213.3
<b>Profit before tax</b>		<b>62.7</b>	90.7	219.6
Income tax charge		<b>(13.6)</b>	(23.1)	(23.0)
<b>Profit for the Period</b>		<b>49.1</b>	67.6	196.6
Attributable to:				
Equity holders of the parent company		<b>43.2</b>	54.5	187.1
Non-controlling interest		<b>5.9</b>	13.1	9.5
		<b>49.1</b>	67.6	196.6
<b>Profit per share attributable to the equity holders of the parent during the Period:</b>				
Continuing operations:				
Basic earnings per share – US cents	13	<b>22.29</b>	315.29	260.70
Diluted earnings per share – US cents	13	<b>22.29</b>	315.29	260.70

<sup>1</sup> The condensed consolidated income statement for FY2021 has been restated with the operating results of Williamson which were previously classified under loss on discontinued operations, for further detail refer to note 17.

**PETRA DIAMONDS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2021

US\$ million	<b>(Unaudited)</b> <b>1 July 2021-</b> <b>31 December</b> <b>2021</b>	(Unaudited) 1 July 2020- 31 December 2020	(Audited) Year ended 30 June 2021
Profit for the Period	<b>49.1</b>	67.6	196.6
Exchange differences on translation of the share-based payment reserve	—	0.2	0.2
Exchange differences on translation of foreign operations <sup>1</sup>	<b>(44.6)</b>	54.7	64.2
Exchange differences on non-controlling interest <sup>1</sup>	<b>0.3</b>	(0.1)	(1.2)
<b>Total comprehensive income for the Period</b>	<b>4.8</b>	122.4	259.8
Total comprehensive income and expense attributable to:			
Equity holders of the parent company	<b>(1.4)</b>	109.4	251.5
Non-controlling interest	<b>6.2</b>	13.0	8.3
	<b>4.8</b>	122.4	259.8

<sup>1</sup> These items will be reclassified to the consolidated income statement if specific future conditions are met.

**PETRA DIAMONDS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
AS AT 31 DECEMBER 2021

US\$ million	Notes	(Unaudited) 31 December 2021	(Unaudited) 31 December 2020	(Audited) 30 June 2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	626.6	773.3	696.8
Right-of-use assets		26.8	3.0	1.2
BEE loans and receivables	11	43.1	175.1	46.6
Other receivables		1.8	10.6	—
Deferred tax assets		—	0.1	—
<b>Total non-current assets</b>		<b>698.3</b>	962.1	744.6
<b>Current assets</b>				
Trade and other receivables		26.2	42.8	50.7
Inventories		97.5	126.4	59.9
Cash and cash equivalents (including restricted amounts)		272.3	106.3	163.8
<b>Total current assets</b>		<b>396.0</b>	275.5	274.4
Non-current assets classified as held for sale	17	—	—	59.6
<b>Total assets</b>		<b>1,094.3</b>	1,237.6	1,078.6
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	12	145.7	133.4	145.7
Share premium account		959.5	790.2	959.5
Foreign currency translation reserve		(446.7)	(411.6)	(402.1)
Share-based payment reserve		1.9	1.5	1.8
Other reserves		(0.8)	(0.8)	(0.8)
Accumulated losses		(210.1)	(385.9)	(253.3)
<b>Attributable to equity holders of the parent company</b>		<b>449.5</b>	126.8	450.8
Non-controlling interest		(7.8)	(5.8)	(10.5)
<b>Total equity</b>		<b>441.7</b>	121.0	440.3
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	8	398.0	—	400.0
Lease liabilities		23.6	1.0	0.5
BEE loans payable	11	—	133.4	—
Provisions		96.0	73.7	71.3
Deferred tax liabilities		55.3	49.3	48.9
<b>Total non-current liabilities</b>		<b>572.9</b>	257.4	520.7
<b>Current liabilities</b>				
Loans and borrowings	8	27.3	810.4	30.3
Lease liabilities		3.2	1.3	0.5
Trade and other payables		49.2	47.5	49.1
Provisions		—	—	4.2
<b>Total current liabilities</b>		<b>79.7</b>	859.2	84.1
Liabilities directly associated with non-current assets classified as held for sale	17	—	—	33.5
<b>Total liabilities</b>		<b>652.6</b>	1,116.6	638.3
<b>Total equity and liabilities</b>		<b>1,094.3</b>	1,237.6	1,078.6

In FY2021, the Company disclosed the net assets of the Williamson mine under non-current assets held for sale and liabilities directly associated with non-current assets held for sale in the Statement of Financial Position, for further detail refer to note 17.

**PETRA DIAMONDS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

US\$ million	Notes	(Unaudited) 1 July 2021- 31 December 2021	(Unaudited) 1 July 2020- 31 December 2020	(Restated - Audited) Year ended 30 June 2021 <sup>1</sup>
<b>Profit before taxation for the Period</b>		<b>62.7</b>	90.7	219.6
Depreciation of property plant and equipment		<b>42.9</b>	35.9	76.2
Amortisation of right-of-use asset		<b>0.6</b>	2.3	4.6
Unrealised gain on lease liability		—	(2.5)	(3.7)
Impairment charge – non financial assets	15	<b>0.3</b>	0.2	38.7
Impairment (reversal) / charge– other receivables	15	<b>(0.4)</b>	—	(0.3)
Impairment of BEE loans receivable – expected credit loss (release) / charge	11	—	(4.6)	(5.8)
Gain on extinguishment of Notes net of unamortised costs	6	—	—	(213.3)
Profit on disposal of subsidiary	16	—	(14.7)	(14.7)
Movement in provisions		<b>(3.3)</b>	0.4	24.3
Dividend received from BEE partner		<b>(0.6)</b>	—	—
Financial income	6	<b>(11.4)</b>	(69.0)	(81.6)
Financial expense	6	<b>56.3</b>	39.8	74.2
Profit on disposal of property, plant and equipment		<b>0.1</b>	(0.2)	(0.6)
Share based payment provision		<b>0.1</b>	0.2	0.5
<b>Operating profit before working capital changes</b>		<b>147.3</b>	78.5	118.1
Decrease / (increase) in trade and other receivables		<b>25.3</b>	(25.7)	(26.9)
(Decrease) / increase in trade and other payables		<b>(2.2)</b>	1.2	5.5
(Increase) / decrease in inventories		<b>(29.5)</b>	(6.8)	42.8
<b>Cash generated from operations</b>		<b>140.9</b>	47.2	139.5
Net realised gains / (losses) on foreign exchange contracts		<b>8.7</b>	(3.6)	(6.1)
Finance expense		<b>(4.4)</b>	(2.5)	(6.7)
Income tax received / (paid)		<b>(0.4)</b>	0.1	0.3
<b>Net cash generated from operating activities</b>		<b>144.8</b>	41.2	127.0
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment		<b>(18.5)</b>	(8.7)	(19.4)
Proceeds from sale of property, plant and equipment		<b>0.1</b>	—	0.3
Loan repayment from / (advanced to) BEE partners		<b>0.4</b>	(5.0)	(7.0)
Dividend paid to BEE partners		<b>(3.5)</b>	—	—
Dividend received from BEE partners		<b>0.6</b>	—	—
Repayment from KEMJV		<b>1.9</b>	—	—
Finance income		<b>0.5</b>	0.4	0.7
<b>Net cash utilised in investing activities</b>		<b>(18.5)</b>	(13.3)	(25.4)
<b>Cash flows from financing activities</b>				
Cash transaction costs settled – Debt Restructuring		—	—	(29.9)
Cash paid on lease liabilities		<b>(0.8)</b>	(0.3)	(0.7)
Increase in borrowings		—	—	30.0
Repayment of borrowings		<b>(14.4)</b>	—	(7.4)
<b>Net cash generated from financing activities</b>		<b>(15.2)</b>	(0.3)	(8.0)

<b>Net increase in cash and cash equivalents</b>	<b>111.1</b>	27.6	93.6
Cash and cash equivalents at beginning of the Period	<b>156.9</b>	53.6	53.6
Effect of exchange rate fluctuations on cash held	<b>(11.3)</b>	11.2	9.7
<b>Cash and cash equivalents at end of the Period<sup>2</sup></b>	<b>256.7</b>	92.4	156.9

<sup>1</sup> The condensed consolidated statement of cash flows for FY2021 has been restated with the operating results of Williamson which were previously classified under loss on discontinued operations, for further detail refer to note 17.

<sup>2</sup> Cash and cash equivalents in the Consolidated Statement of Financial Position includes restricted cash of US\$15.6 million (30 June 2021: US\$16.1 million and 31 December 2020: US\$13.9 million) and unrestricted cash of US\$256.7 million (30 June 2021: US\$147.7 million (excludes unrestricted cash attributable to Williamson of US\$9.2 million) and 31 December 2020: US\$92.4 million).

**PETRA DIAMONDS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

(Unaudited)	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Hedging and other reserves	Accumulated losses	Attributable to the parent	Non-controlling interest	Total equity
US\$ million									
Six month Period ending 31 December 2021:									
At 1 July 2021	145.7	959.5	(402.1)	1.8	(0.8)	(253.3)	450.8	(10.5)	440.3
Profit for the Period	—	—	—	—	—	43.2	43.2	5.9	49.1
Other comprehensive (expense) / income	—	—	(44.6)	—	—	—	(44.6)	0.3	(44.3)
Dividend paid to Non-controlling interest shareholders	—	—	—	—	—	—	—	(3.5)	(3.5)
Equity settled share based payments	—	—	—	0.1	—	—	0.1	—	0.1
<b>At 31 December 2021</b>	<b>145.7</b>	<b>959.5</b>	<b>(446.7)</b>	<b>1.9</b>	<b>(0.8)</b>	<b>(210.1)</b>	<b>449.5</b>	<b>(7.8)</b>	<b>441.7</b>

**PETRA DIAMONDS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
 FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

(Unaudited)	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Hedging and other reserves	Accumulated losses	Attributable to the parent	Non-controlling interest	Total equity
US\$ million									
Six month Period ending 31 December 2020:									
At 1 July 2020	133.4	790.2	(453.0)	1.1	(0.8)	(440.4)	30.5	(18.8)	11.7
Profit for the Period	—	—	—	—	—	54.5	54.5	13.1	67.6
Other comprehensive income / (expense)	—	—	54.7	0.2	—	—	54.9	(0.1)	54.8
Recycling of foreign currency translation reserve on disposal of Sekaka	—	—	(13.3)	—	—	—	(13.3)	—	(13.3)
Equity settled share based payments	—	—	—	0.2	—	—	0.2	—	0.2
<b>At 31 December 2020</b>	<b>133.4</b>	<b>790.2</b>	<b>(411.6)</b>	<b>1.5</b>	<b>(0.8)</b>	<b>(385.9)</b>	<b>126.8</b>	<b>(5.8)</b>	<b>121.0</b>

**PETRA DIAMONDS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

(Unaudited)	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Hedging and other reserves	Accumulated losses	Attributable to the parent	Non-controlling interest	Total equity
US\$ million									
Twelve month Period ended 20 June 2021:									
At 1 July 2020	133.4	790.2	(453.0)	1.1	(0.8)	(440.4)	30.5	(18.8)	11.7
Profit for the Period	—	—	—	—	—	187.1	187.1	9.5	196.6
Other comprehensive income / (expense)	—	—	64.2	0.2	—	—	64.4	(1.2)	63.2
Recycling of foreign currency translation reserve on disposal of Sekaka	—	—	(13.3)	—	—	—	(13.3)	—	(13.3)
Equity settled share based payments	—	—	—	0.5	—	—	0.5	—	0.5
Allotments during the Period:									
- Ordinary shares – Debt for equity issue (net of US\$12.3 million issue costs)	12.3	169.3	—	—	—	—	181.6	—	181.6
At 30 June 2021	145.7	959.5	(402.1)	1.8	(0.8)	(253.3)	450.8	(10.5)	440.3

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2021

### 1. GENERAL INFORMATION

Petra Diamonds Limited (the “Company”), a limited liability company listed on the Main Market of the London Stock Exchange, is registered in Bermuda with its Group management office domiciled in the United Kingdom. The Consolidated Interim Financial Statements of the Company for the six month period ended 31 December 2021 comprise the Company and its subsidiaries, joint operations and associates (together referred to as the “Group”).

### 2. ACCOUNTING POLICIES

The interim results, which are unaudited, have been prepared in accordance with the requirements of International Accounting Standard 34. This condensed interim report does not include all the notes of the type normally included in an annual financial report. This condensed report is to be read in conjunction with the Annual Report for the year ended 30 June 2021, and any public announcements made by the Group during the interim reporting period. The annual financial report for the year ended 30 June 2021 was prepared in accordance with International Financial Reporting Standards adopted by the European Union (“IFRS’s”) and the accounting policies applied in this condensed interim report are consistent with the policies applied in the annual financial report for the year ended 30 June 2021 unless otherwise noted.

#### **Basis of preparation including going concern**

##### ***Going concern***

The six-month period to 31 December 2021 delivered US\$150.9 million in adjusted EBITDA and US\$122.4 million in operational free cash flow for the Group, while Consolidated Net Debt reduced from \$228.2 million as at 30 June 2021 to US\$152.3 million at 31 December 2021.

Production at both Cullinan and Finsch was generally in line with earlier guidance, with the tunnel convergence at Cullinan largely mitigated during the Period. The Group’s overall production also benefited with the restart of operations at Williamson during Q1 FY2022 following an 18-month period of care and maintenance. The Company also announced the conclusion of a new three-year wage agreement in September 2021 at its SA operations with the National Union of Mineworkers (“NUM”) covering FY 2022 to FY 2024, which should allow for further workforce stability over this timeframe.

Diamond prices strengthened over the first half of FY2022, with a 16% increase on a like-for-like basis compared to the preceding six-month period. In addition, Cullinan’s run of Exceptional Stone recovery and sales continued with a total of US\$64.1 million realised in this Period. Williamson also benefited from the sale of an exceptional pink diamond at its first tender after restarting operations, yielding \$13.8 million in and significantly de-risking Williamson’s own liquidity profile.

During December, the Group announced reaching a framework agreement with the Government of Tanzania, which sets out key principles on the economic benefit sharing amongst shareholders, treatment of outstanding VAT balances, as well as agreement reached on the blocked parcel of diamonds and settlement of historic disputes, amongst others. This agreement should provide important fiscal stability for the mine and its investors and is expected to become effective during the second half of FY2022, pending completion of certain suspensive conditions. Petra also announced entering into a memorandum of understanding with Caspian Ltd to sell 50% less one share of Petra’s stake in Williamson to this Tanzanian company for a purchase consideration of US\$15.0 million.

Petra’s approach to managing COVID-19 mitigated any negative impact during the Period, while our flexible tender approach also allowed us to navigate through this period largely unscathed while also being able to normalise inventory holding (apart from the 71,654.45ct blocked parcel from Williamson).

Post Period end, Petra settled the amounts drawn under the Revolving Credit Facility (RCF) (R402.2 million / US\$25.1 million). The Company also announced on 2 February 2022 that it entered into a binding term sheet with Absa Bank to restructure its first lien facilities and utilised available cash to settle the existing Term Loan (R856.1 million/US\$53.5

million). The Group will benefit from reduced interest rates compared to the outgoing facilities and will also have access to a new R1,000 million RCF to December 2025 coupled with more appropriate leverage-based covenants (Net Debt : EBITDA and Interest Cover Ratio).

The factors above, coupled with the successful completion of the Capital Restructuring during March 2021, resulted in further significant progress towards stabilising the Group's balance sheet and strengthening cash reserves to the date of this report as well as an improved outlook for the 18-month review period.

#### Forecast liquidity and covenants

The Board has reviewed the Group's forecasts with various sensitivities applied, for the 18 months to June 2023, including both forecast liquidity and covenant measurements. As per the First Lien agreements, the liquidity and covenant measurements exclude contributions from Williamson's trading results and only recognises cash distributions payable to Petra upon forecasted receipt, or Petra's funding obligations towards Williamson upon payment.

The Board has given careful consideration to potential risks identified in meeting the forecasts under the review period. These included risks associated with COVID-19, the likelihood and impact of which has been assessed as having reduced since the previous report date. As such, the risks of production disruptions, deferral of tenders due to travel restrictions and adverse impacts on diamond pricing directly related to COVID-19 were removed from the sensitivity analyses. Instead, more general disruptions to operations were considered, which may relate to, inter alia, either COVID-19, labour or adverse weather conditions.

The following have been key considerations in assessing the Group's ability to operate as a going concern at the date of this report:

- a disruption in forecast production taking production offline for a period of two weeks at either Cullinan or Finsch;
- a sustained 5% decrease in forecast rough diamond prices throughout the forecast period;
- a sustained 5% decrease in forecast rough diamond prices throughout the forecast period; and
- a combination of the above.

Under the all cases, the forecasts indicate that the Company will be able to operate within the covenants and maintain sufficient liquidity. The Group's liquidity outlook over the 18-month period to June 2023 remains strong, even when applying sensitivities to the base case forecast.

The forward-looking covenant measurements associated with the new First Lien facility do not indicate any breaches during the 18-month review period, both in the base case and all stressed cases, although the combined stressed case shows marginal headroom for the required interest cover ratio, specifically in the December 2022 measurement period. The above-plan actual cash flow generation during H1 FY 2022 coupled with improving market conditions and further supported by more appropriate First Lien facilities and covenants, mitigated the risk of covenant breaches in the 18-month forecast period as previously noted in the Company's going concern assessment included in the 30 June 2021 Annual Report.

#### *Conclusion*

The Board is of the view that the longer-term fundamentals of the diamond market remain sound and that the Group will continue to benefit from an improving operating model throughout the review period and beyond.

Based on its assessment of the forecasts, principal risks and uncertainties and mitigating actions considered available to the Group in the event of downside scenarios, the Board confirms that it is satisfied the Group will be able to continue to operate and meet its liabilities as they fall due over the review period. Accordingly, the Board have concluded that the going concern basis in the preparation of the financial statements is appropriate and that there are no material uncertainties that would cast doubt on that basis of preparation.

## **New standards and interpretations applied**

The IASB has issued new standards, amendments and interpretations to existing standards with an effective date on or after 1 July 2021 which are not considered to have a material impact on the Group during the Period under review.

## **New standards and interpretations not yet effective**

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning after 1 July 2021 or later periods. The only standard which is anticipated to be significant or relevant to the Group is:

### *Amendments to IAS 1: Classification of Liabilities as Current or Non-current*

Amendments to IAS 1, which are intended to clarify the requirements that an entity applies in determining whether a liability is classified as current or non-current. The amendments are intended to be narrow scope in nature and are meant to clarify the requirements in IAS 1 rather than modify the underlying principles. The amendments include clarifications relating to:

- how events after the end of the reporting period affect liability classification;
- what the rights of an entity must be in order to classify a liability as non-current;
- how an entity assesses compliance with conditions of a liability (e.g. bank covenants); and
- how conversion features in liabilities affect their classification.

The amendments were originally effective for periods beginning on or after 1 January 2022 which was deferred to 1 January 2023 by the IASB in July 2020. Earlier application is permitted but Amendments to IAS 1 has not yet been endorsed for application by the European Union.

## **Significant assumptions and judgements:**

The preparation of the condensed consolidated interim financial statements requires management to make estimates and judgements and form assumptions that affect the reported amounts of the assets and liabilities, reported revenue and costs during the periods presented therein, and the disclosure of contingent liabilities at the date of the interim financial statements. Estimates and judgements are continually evaluated and based on management's historical experience and other factors, including future expectations and events that are believed to be reasonable. The estimates and assumptions that have a significant risk of causing a material adjustment to the financial results of the Group in future reporting periods are discussed below.

## **Key estimates and judgements:**

### **Impairment reviews**

The Group prepares impairment models and assesses mining assets for impairment or reversals of previous impairments. While conducting an impairment test of its assets using recoverable values using the current life of mine plans, the Group exercised judgement in making assumptions about future rough diamond prices, foreign exchange rates, volumes of production, ore reserves and resources included in the current life of mine plans, future development and production costs and factors such as inflation and discount rates. Changes in estimates used can result in significant changes to the 'Consolidated Income Statement' and 'Statement of Financial Position'.

### ***Cullinan, Finsch, Koffiefontein and Williamson***

The impairment tests for Cullinan, Finsch, and Williamson indicated no further impairment charges to be recognised. The impairment test for Koffiefontein indicated an impairment of US\$0.3 million on a carrying value of the Group's property, plant and equipment of US\$644.9 million (pre-impairment). This follows US\$17.3 million recognised at 30 June 2021 (comprising Finsch impairment of US\$15.5 million and Koffiefontein impairment of US\$2.2 million) on a carrying value of the Group's property, plant and equipment of US\$711.8 million (pre-impairment) at the time of recognition. For further details of the inputs, assumptions and sensitivities in the impairment model, refer to note 15.

## Recoverability and ownership of diamond parcel in Tanzania

The Group holds diamond inventory valued at US\$10.6 million (30 June 2021: US\$10.6 million and 31 December 2020: US\$10.6 million) in the Statement of Financial Position in respect of the Williamson mine's confiscated diamond parcel. During FY 2018, an investigation into the Tanzanian diamond sector by a parliamentary committee in Tanzania was undertaken to determine if diamond royalty payments were being understated. In connection with this, Petra announced on 11 September 2017 that a parcel of diamonds (71,654.45 carats) from the Williamson mine in Tanzania (owned 75% by Petra and 25% by the Government of the United Republic of Tanzania ("GoT")) had been blocked for export to Petra's marketing office in Antwerp.

The assessment of the recoverability of the diamond parcel required significant judgement. In making such a judgement, the Group considered the Framework Agreement that was signed with the GoT on 13 December 2021, confirmation was received from the GoT in FY 2018 that they held the diamond parcel of 71,654.45 carats, ongoing discussions held with the GoT, an assessment of the internal process used for the sale and export of diamonds confirming such process is in full compliance with legislation in Tanzania and the Kimberley Process, and legal advice received from the Group's in-country attorneys which supports the Group's position.

The Framework Agreement which refers to the diamond parcel as the "Government Diamond Parcel" sets out that the proceeds from the sale of the Parcel will flow to Williamson Diamonds Limited ("WDL").

While a resolution has not yet been reached with regards to the mechanism to sell the parcel of diamonds that was blocked from export, based on the above judgements and assessment thereof, management remain confident that based on the signed Framework Agreement, and the legal advice received from the Group's in-country attorneys, the diamond parcel will be made available for future sale, and that WDL will derive future economic benefit from the sales proceeds.

## Recoverability of VAT in Tanzania

The Group has VAT receivable of US\$1.8 million (30 June 2021: US\$0.7 million and 31 December 2020: US\$10.6 million) in respect of the Williamson mine, all of which are past due and have therefore been classified, after provision including amounts related to providing for a time-value of money inclusive of risk adjustments for various factors, as non-current given the potential delays in receipt.

The VAT receivable as at 31 December 2021, can be split into three identifiable component time periods as set out below:

US\$ million	VAT Receivable	Provision	Written off	Carrying value
Pre July 2017	1.8	(1.3)	—	0.5
July 2017 to June 2020	26.9	—	(26.9)	—
Post June 2020	2.6	(1.3)	—	1.3
	31.3	(2.6)	(26.9)	1.8

### Pre July 2017

Of the total VAT receivables, US\$1.8 million (30 June 2021: US\$1.8 million and 31 December 2020: US\$13.0 million) relates to historic VAT pre July 2017. During FY2021, the Group received US\$10.0 million in VAT refunds from the Tanzanian Revenue Authority in respect of the pre July 2017 period and US\$1.2 million was disallowed by the Tanzanian Revenue Authority. A provision of US\$1.3 million is recorded against the US\$1.8 million receivable resulting in a carrying value of US\$0.5 million as at 31 December 2021, given the uncertainty around the timing of receipts of the amount outstanding.

### July 2017 to June 2020

A further US\$26.9 million (30 June 2021: US\$26.9 million and 31 December 2020: US\$27.4 million) of VAT is receivable which relates to VAT under the legislation, effective from July 2017 to 30 June 2020.

In prior periods management considered the amendment to the VAT legislation for the period July 2017 to July 2020 and based on legal advice and the confirmed application of the legislation by the TRA considered that the input VAT was not recoverable and a full provision was recorded in prior periods. Further to this, the Framework Agreement provisions do not allow for offsetting of these historically disputed amounts and as such the full US\$26.9 million has been written off. There has been no income statement impact as a result of this write-off.

#### **Post June 2020**

An amount of US\$2.6 million of VAT is receivable for the period subsequent to 1 July 2020. The Group is considering various alternatives in pursuing payment in accordance with legislation. A provision of US\$1.3 million, given the uncertainty around the timing of receipts of the amount outstanding, has been provided for against the US\$2.6 million receivable resulting in a carrying value of US\$1.3 million.

While the remaining pre July 2017 and post 1 July 2020 VAT balance is considered receivable, significant uncertainty exists regarding the timing of receipt. A discount rate of 16.25% has been applied to the expected cash receipts inclusive of estimated country credit risk. A 1% increase in the discount rate would increase the provision by US\$0.04 million and a one year delay would increase the provision by US\$0.1 million.

The provision against the VAT balance is US\$2.6 million (30 June 2021: US\$28.7 million and 31 December 2020: US\$29.8 million). The provision relates to US\$2.6 million that is recorded against the pre July 2017 and post June 2020 amount. The full disputed July 2017 to June 2020 amount of US\$ US\$26.9 million, that was fully provided for as at 30 June 2021 has been written off. During the Period, an impairment charge of US\$0.7 million (30 June 2021: US\$0.7 million (impairment reversal recognised in the Loss on discontinued operations) and 31 December 2020: US\$0.2 million) was recognised in the Consolidated Income Statement.

#### **BEE receivables – expected credit loss provision**

The Group has applied the expected credit loss impairment model to its BEE loans receivable. In determining the extent to which expected credit losses may apply, the Group assessed the future free cashflows to be generated by the mining operations, based on the current mine plans. In assessing the future cashflows, the Group considered the diamond price outlook and the probability of reaching an offset agreement. Based on the assessment, the analysis generated an expected credit loss reversal totalling US\$nil (30 June 2021: US\$5.8 million expected credit loss reversal and 31 December 2020: US\$4.6 million expected credit loss reversal), comprising of US\$nil provision reversal in respect of Cullinan and Finsch (30 June 2021: US\$5.8 million provision comprising of US\$6.1 million provision reversal in respect of Cullinan and Finsch and US\$0.3 million expected credit loss provision in respect of Koffiefontein; and 31 December 2020: US\$4.6 million comprising of US\$4.6 million provision reversal in respect of Cullinan and Finsch).

#### **Life of mine and ore reserves and resources**

There are numerous risks inherent in estimating ore reserves and resources and the associated current life of mine plan. The life of mine plan is the current approved management plan for ore extraction that considers specific resources and associated capital expenditure. The life of mine plan frequently includes less tonnes than the total reserves and resources that are set out in the Group's Resource Statement and which management may consider to be economically viable and capable of future extraction.

Management must make a number of assumptions when making estimates of reserves and resources, including assumptions as to exchange rates, rough diamond and other commodity prices, extraction costs, recovery and production rates. Any such estimates and assumptions may change as new information becomes available. Changes in exchange rates, commodity prices, extraction costs, recovery and production rates may change the economic viability of ore reserves and resources and may ultimately result in the restatement of the ore reserves and resources and potential impairment to the carrying value of the mining assets and life of mine plans.

The current life of mine plans are used to determine the ore tonnes and capital expenditure in the impairment tests. Ore reserves and resources, both those included in the life of mine and certain additional tonnes which form part of reserves and resources considered to be sufficiently certain and economically viable, also impact the depreciation of mining assets depreciated on a unit of production basis. Ore reserves and resources, outside the current mine plan further impact the estimated date of decommissioning and rehabilitation.

### **Restructuring (30 June 2021)**

Transaction costs associated with the restructuring exercise were apportioned to the listed debt, equity issued and ZAR banking facilities based on the value of each element at the date of restructuring.

### **Williamson Diamond Mine (31 December 2021)**

At 30 June 2021, the accounting treatment of Williamson as an AHFS was in line with the conditions required under IFRS 5 Asset Held for Sale and Discontinued Operations.

During the Period, an amended MOU was entered into with Caspian. Per the amended MOU, the original Put Option in the MOU was removed and PDL will now sell 50% less one share in the entity that holds Petra's shares in WDL to Caspian. With the amendment to the MOU an assessment was required to determine if Williamson still met the asset held for sale criteria or if Williamson (through the proposed shareholding structure in the MOU) should be reconsolidated into the results of the Group. Consideration was also given on the long-term intention of Williamson remaining in the Group for the foreseeable future.

IFRS 10 Consolidated Financial Statements sets out the criteria required for a company to consolidate an entity in which it has an investment or interest in. A company determines whether it is a parent by assessing whether it controls one or more investees, considering all relevant facts, circumstances and rights (through voting rights) to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

An investor controls an investee if and only if the investor has all of the following elements:

- power over the investee, i.e. the investor has existing rights that give it the ability to direct the relevant activities (the activities that significantly affect the investee's returns);
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns.

Management considered the terms of the MOU where the Company will retain a 50% plus one share shareholding in the entity that holds Petra's shares in WDL which entity will have a right to appoint three directors to WDL's Board, thus having the ability to use its power to affect the decision making and the strategy of WDL. The Framework Agreement sets out a change in the shareholdings in WDL whereby the Government of Tanzania (GoT) shall receive a 16% free carry interest, as required by local legislation, while GoT's existing 25% shareholding, as well as Petra's existing 75% shareholding will dilute to 21% and 63% respectively. The structure of the WDL Board comprises 5 Board members, comprising three appointments by the entity that holds Petra's shares in WDL and the remaining two Board members being GoT representatives. Petra will, through its control of the entity that holds Petra's shares in WDL, therefore control WDL.

Based on the Group meeting the requirements of control under IFRS 10 and the intention that the Group will not dispose of its remaining interest in Williamson in the near future, Williamson is longer considered to be an asset held for sale at 31 December 2021 and has been reconsolidated into the Group results for the Period

### **Williamson Diamond Mine – asset held for sale (30 June 2021)**

The Group needs to apply judgment when determining whether an asset should be classified as held for sale. For this to be the case, the asset must be available for immediate sale in its present condition and its sale must be highly probable. The following factors are considered by management in determining whether a sale is highly probable: Management must be committed to a plan to sell the asset; an active programme to locate a buyer and complete the plan must have been initiated; the asset must be actively marketed for sale at a reasonable price and any transaction

should be expected to be completed within 12 months of classification of the asset as held for sale. Based on the above factors, management considered that the Williamson mine was an asset held for sale at 30 June 2021.

Judgement is required when determining whether a component of an entity classifies as a discontinued operation. A component of the Group should be classified as a discontinued operation when it has been disposed of, or if it is classified as held for sale, and represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Judgement is required when determining whether the component represents a separate major line of business or geographical area of operations. This was applied to the classification of the Williamson mine as a discontinued operation. The Williamson mine is considered a major geographical area of operations which has been reported as a separate segment in the past, and as such we have determined the classification of a discontinued operation to be appropriate. In terms of the measurement requirements of IFRS 5, once classified as held for sale, the assets are required to be measured at the lower of their carrying amount and fair value less costs to sell. Judgment is required in order to determine the fair value of the disposal group. In determining the fair value used to calculate the appropriate write down, management took into consideration, current discussions with vendors, the latest mine plan assessment and the best available information at the present time. Refer to note 17 for further details.

### **Taxation**

The Group operates in South Africa and Tanzania, and accordingly it is subject to, and pays annual income taxes under the various income tax regimes in the countries in which it operates. From time to time the Group is subject to a review of its income tax filings and in connection with such reviews, disputes can arise with the taxing authorities over the interpretation or application of certain rules to the Group's business conducted within the country involved. Management evaluates each of the assessments and recognises a provision based on its best estimate of the ultimate resolution of the assessment, through either negotiation or through a legal process.

### **Other key estimates and judgements**

In addition to the key estimates and judgements disclosed above, the following estimates and judgements have not significantly changed from those disclosed in the FY 2021 Annual Report and will be discussed in further detail in the FY 2022 Annual Report:

- Provision for rehabilitation
- Inventory and inventory stockpile
- Depreciation
- Pension and post-retirement medical fund schemes
- Net investments in foreign operations

## **3. DIVIDENDS**

No dividends have been declared in respect of the current Period under review (30 June 2021: US\$nil and 31 December 2020: US\$nil).

## **4. SEGMENTAL INFORMATION**

Segment information is presented in respect of the Group's operating and geographical segments:

Mining – the extraction and sale of rough diamonds from mining operations in South Africa and Tanzania.

Corporate – administrative activities in the United Kingdom.

Beneficiation – beneficiation activities in South Africa.

Exploration assets in Botswana were disposed of during FY 2021 via the sale of the Group's interest in Sekaka Diamonds Exploration (Pty) Ltd.

Segments are based on the Group's management and internal reporting structure. Management reviews the Group's performance by reviewing the results of the mining activities in South Africa, Tanzania and reviewing the results of reviewing the corporate administration expenses in the United Kingdom. Each segment derives, or aims to derive, its revenue from diamond mining and diamond sales, except for the corporate and administration cost centre.

Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Segment results are calculated after charging direct mining costs, depreciation and other income and expenses. Unallocated items comprise mainly interest-earning assets and revenue, interest-bearing borrowings and expenses and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one period. Eliminations comprise transactions between Group companies that are cancelled on consolidation. The results are not materially affected by seasonal variations. Revenues are generated from tenders held in South Africa and Antwerp for external customers from various countries, the ultimate customers of which are not known to the Group.

#### 4. SEGMENTAL INFORMATION (continued)

Operating segments	South Africa – Mining activities			Tanzania - Mining activities	United Kingdom	South Africa		Consolidated
	Cullinan	Finsch	Koffiefontein	Williamson	Corporate and treasury	Beneficiation <sup>3</sup>	Inter-segment	
US\$ million	1 July 2021 - 31 December 2021	1 July 2021 - 31 December 2021	1 July 2021 - 31 December 2021	1 July 2021 - 31 December 2021	1 July 2021 - 31 December 2021	1 July 2021 - 31 December 2021	1 July 2021 - 31 December 2021	1 July 2021 - 31 December 2021
(6 month period ended 31 December 2021)								
Revenue	167.7	65.7	11.1	20.2	—	—	—	264.7
Segment result <sup>1</sup>	97.2	10.9	(4.8)	10.1	(5.2)	(1.0)	(0.6)	106.6
Impairment charge – operations	—	—	(0.3)	—	—	—	—	(0.3)
Impairment reversal / (charge) – other receivables	—	—	—	(0.7)	1.1	—	—	0.4
Other direct income / (loss)	(0.1)	0.1	0.2	0.1	0.6	—	—	0.9
Operating profit / (loss) <sup>2</sup>	97.1	11.0	(4.9)	9.5	(3.5)	(1.0)	(0.6)	107.6
Financial income								11.4
Financial expense								(56.3)
Income tax charge								(13.6)
Non-controlling interest								(5.9)
Profit attributable to equity holders of the parent company								43.2
Segment assets	509.2	221.3	12.1	93.3	3,373.5	4.1	(3,119.2)	1,094.3
Segment liabilities	483.5	114.7	31.1	52.5	2,137.5	4.9	(2,171.8)	652.6
Capital expenditure	12.5	2.5	0.3	0.8	0.6	—	—	16.7

<sup>1</sup> Total depreciation of US\$42.9 million included in the segmental result comprises depreciation incurred at Cullinan US\$27.2 million, Finsch US\$12.7 million, Koffiefontein US\$0.1 million, Williamson US\$2.6 million and Corporate and treasury US\$0.3 million.

<sup>2</sup> Operating profit is equivalent to revenue of US\$264.7 million less total costs of US\$157.1 million as disclosed in the Consolidated Income Statement.

<sup>3</sup> The beneficiation segment represents Tarorite, a cutting and polishing business in South Africa, which can on occasion cut and polish select rough diamonds.

#### 4. SEGMENTAL INFORMATION (continued)

Operating segments	South Africa – Mining activities			Tanzania - Mining activities	Botswana	United Kingdom	South Africa		Consolidated
	Cullinan	Finsch	Koffiefontein	Williamson	Exploration <sup>4</sup>	Corporate and treasury	Beneficiation <sup>3</sup>	Inter-segment	
US\$ million	1 July 2020 - 31 December 2020	1 July 2020 - 31 December 2020	1 July 2020 - 31 December 2020	1 July 2020 - 31 December 2020	1 July 2020 - 31 December 2020	1 July 2020 - 31 December 2020	1 July 2020 - 31 December 2020	1 July 2020 - 31 December 2020	1 July 2020 - 31 December 2020
(6 month period ended 31 December 2020)									
Revenue	107.3	54.8	11.2	4.6	—	—	0.2	—	178.1
Segment result <sup>1</sup>	44.4	1.9	2.6	(6.3)	—	(3.9)	(0.4)	(1.0)	37.3
Impairment charge – other receivables	—	—	—	(0.2)	—	—	—	—	(0.2)
Impairment of BEE loans receivable – expected credit loss release / (charge)	—	—	—	—	—	4.6	—	—	4.6
Other direct income	0.3	1.1	0.1	3.6	—	—	—	—	5.1
Operating profit / (loss) <sup>2</sup>	44.7	3.0	2.7	(2.9)	—	0.7	(0.4)	(1.0)	46.8
Profit on disposal including associated impairment, net of tax									14.7
Financial income									69.0
Financial expense									(39.8)
Income tax credit									(23.1)
Non-controlling interest									(13.1)
Profit attributable to equity holders of the parent company									54.5
Segment assets	560.2	332.1	168.3	89.0	—	3,390.6	4.6	(3,307.2)	1,237.6
Segment liabilities	574.8	185.4	170.0	295.1	—	2,424.9	5.5	(2,539.1)	1,116.6
Capital expenditure	5.9	1.3	0.6	0.3	—	0.5	—	—	8.6

<sup>1</sup> Total depreciation of US\$35.9 million included in the segmental result comprises depreciation incurred at Cullinan US\$24.0 million, Finsch US\$11.4 million, Koffiefontein US\$0.1 million, Williamson US\$0.1 million and Corporate and treasury US\$0.3 million.

<sup>2</sup> Operating profit is equivalent to revenue of US\$178.1 million less total costs of US\$131.3 million as disclosed in the Consolidated Income Statement.

<sup>3</sup> The beneficiation segment represents Tarorite, a cutting and polishing business in South Africa, which can on occasion cut and polish select rough diamonds.

<sup>4</sup> In FY 2021, Petra sold its exploration assets in Botswana to Botswana Diamonds PLC via the sale of its interest in Sekaka Diamonds Exploration (Pty) Ltd, refer to note 16 for further detail.

#### 4. SEGMENTAL INFORMATION (continued)

Operating segments	South Africa – Mining activities			Tanzania - Mining activities	Botswana	United Kingdom	South Africa		Consolidated
	Cullinan	Finsch	Koffiefontein	Williamson	Exploration <sup>4</sup>	Corporate and treasury	Beneficiation <sup>3</sup>	Inter-segment	
US\$ million	2021	2021	2021	2021	2021	2021	2021	2021	
(12 month period ended 30 June 2021)	2021	2021	2021	2021	2021	2021	2021	2021	
Revenue	250.6	123.5	27.9	4.6	—	—	0.3	—	406.9
Segment result <sup>1</sup>	76.8	(0.5)	(8.1)	(14.3)	—	(21.2)	(1.6)	(1.6)	29.5
Impairment charge – operations	—	(15.1)	(2.2)	(21.4)	—	—	—	—	(38.7)
Impairment charge – other receivables	—	—	—	0.7	—	(0.4)	—	—	0.3
Impairment of BEE loans receivable – expected credit loss release	—	—	—	—	—	5.8	—	—	5.8
Expenditure for unsettled and disputed tax claims	—	—	—	(19.5)	—	—	—	—	(19.5)
Other direct income	0.6	1.0	0.1	5.1	—	—	—	—	6.8
Operating profit / (loss) <sup>2</sup>	77.4	(14.6)	(10.2)	(49.4)	—	(15.8)	(1.6)	(1.6)	(15.8)
Financial income									81.6
Financial expense									(74.2)
Gain on extinguishment of Notes and unamortised costs									213.3
Profit on disposal of subsidiary									14.7
Income tax charge									(23.0)
Non-controlling interest									(9.5)
Profit attributable to equity holders of the parent company									187.1
Segment assets	559.0	249.9	6.9	59.6	—	3,488.7	4.5	(3,290.0)	1,078.6
Segment liabilities	559.2	119.7	22.1	33.5	—	2,134.7	5.5	(2,236.4)	638.3
Capital expenditure	16.8	4.0	1.7	0.3	—	1.0	—	—	23.8

<sup>1</sup> Total depreciation of US\$76.2 million included in the segmental result comprises depreciation incurred at Cullinan of US\$52.2 million, Finsch of US\$23.0 million, Koffiefontein US\$ 0.1 million, Williamson US\$0.3 million and Corporate and treasury of US\$0.6 million.

<sup>2</sup> Operating loss is equivalent to revenue of US\$406.9 million less total costs of US\$422.7 million as disclosed in the Consolidated Income Statement.

<sup>3</sup> The beneficiation segment represents Tarorite, a cutting and polishing business in South Africa, which on occasion cuts and polishes select rough diamonds.

<sup>4</sup> In FY 2021, Petra sold its exploration assets in Botswana to Botswana Diamonds PLC via the sale of its interest in Sekaka Diamonds Exploration (Pty) Ltd, refer to note 16 for further detail.

US\$ million	1 July 2021 - 31 December 2021	1 July 2020 - 31 December 2020	1 July 2020 - 30 June 2021
<b>5. CORPORATE EXPENDITURE</b>			
Corporate expenditure includes:			
Depreciation of property, plant and equipment	0.3	0.3	0.6
Amortisation of right-of-use asset	0.1	0.1	0.3
London Stock Exchange and other regulatory expenses	0.8	0.6	1.5
Unsettled and disputed tax claims at Williamson <sup>1</sup>	—	—	19.5
Settlement (reversal) / costs – human rights claims at Williamson <sup>2</sup>	(0.2)	—	12.7
Share-based expense - Directors	0.1	0.2	0.5
Other staff costs	1.4	1.0	2.3
<b>Total staff costs</b>	<b>1.5</b>	<b>1.2</b>	<b>2.8</b>

<sup>1</sup> During FY2021 the Company provided for costs in respect of unsettled and disputed tax claims in respect of Williamson as set out in the Framework Agreement.

<sup>2</sup> During FY2021, the settlement costs for the human rights claims at Williamson comprised US\$4.8 million for the part settlement of the claimant's legal costs and for distribution to the claimants and US\$1.3 million to invest in programmes dedicated to providing sustainable support to the communities living around the Williamson mine as a condition of the Settlement. The Company incurred and provided for additional total costs of US\$6.6 million relating to this matter, the majority of which relate to legal, consultant, investigation and expert fees.

## 6. FINANCING (EXPENSE) / INCOME

US\$ million	1 July 2021 - 31 December 2021	1 July 2020 - 31 December 2020	1 July 2020 - 30 June 2021
Net unrealised foreign exchange gains	—	65.1	74.6
Interest received on BEE loans and other receivables	2.1	2.7	5.4
Interest received bank deposits	0.5	0.4	0.7
Realised foreign exchange gains on the settlement of foreign loans and forward exchange contracts	8.8	0.8	0.9
<b>Financial income</b>	<b>11.4</b>	<b>69.0</b>	<b>81.6</b>
Gross interest on senior secured second lien notes, bank loans and overdrafts	(23.8)	(27.6)	(51.5)
Other debt finance costs, including BEE loan interest, facility fees and IFRS 16 charges	(0.8)	(5.3)	(8.4)
Unwinding of present value adjustment for rehabilitation costs	(3.0)	(2.5)	(4.6)
Net unrealised foreign exchange losses <sup>1</sup>	(28.7)	—	—
Acceleration of unamortised Notes costs	—	—	(2.7)
Realised foreign exchange losses on the settlement of foreign loans and forward exchange contracts	—	(4.4)	(7.0)
<b>Financial expense</b>	<b>(56.3)</b>	<b>(39.8)</b>	<b>(74.2)</b>
Loss on substantial modification of Notes <sup>2</sup>	—	—	(7.7)
Gain on extinguishment of Notes – debt for equity conversion <sup>2</sup>	—	—	221.0
<b>Net gain on extinguishment of Notes</b>	<b>—</b>	<b>—</b>	<b>213.3</b>
<b>Net financial (expense) / income</b>	<b>(44.9)</b>	<b>29.2</b>	<b>220.7</b>

<sup>1</sup> .The Group predominantly enters into hedge contracts where the risk being hedged is the volatility in the South African Rand, Pound Sterling and US Dollar exchange rates affecting the proceeds in South African Rand of the Group's US Dollar denominated diamond tenders. The fair value of the Group's hedges as at the end of the Period are based on Level 2 mark-to-market valuations performed by the counterparty financial institutions. The contracts are all short dated in nature and mature within the next 12 months. A weakening of the South African Rand against the US Dollar from ZAR14.27 (30 June 2021) to ZAR15.99 (31 December 2021) resulted in an unrealised loss of US\$28.7 million (30 June 2021: US\$77.1 million unrealised gain and 31 December 2020: US\$65.1 million unrealised gain) comprising a unrealised gain on foreign exchange contracts held at Period end of US\$0.1 million (30 June 2021: US\$12.4 million unrealised gain and 31 December 2020: US\$13.0 million unrealised gain) and losses on inter-group foreign denominated loans of US\$28.8 million (30 June 2021: US\$64.7 million unrealised gain and 31 December 2020: US\$52.1 million unrealised gain); and a net realised foreign exchange gain of US\$8.8 million (30 June 2021: US\$6.1 million realised loss and 31 December 2020: US\$3.6 million realised loss) in respect of foreign exchange contracts closed during the Period is included in the net finance and expense amount.

<sup>2</sup> The loss on substantial modification and gain on extinguishment of Notes in FY2021 arose from the Debt Restructuring completed by the Group on 10 March 2021.

## 7. PROPERTY, PLANT AND EQUIPMENT

The net movement in property, plant and equipment for the Period is a decrease of US\$70.2 million (30 June 2021: US\$21.0 million increase and 31 December 2020: US\$97.5 million increase). This is primarily as a result of:

- the movement in the US\$/ZAR foreign exchange rate resulting in a foreign exchange decrease on Rand based assets of US\$75.4 million (30 June 2021: US\$136.8 million increase and 31 December 2020: US\$118.7 million increase);
- an increase in property, plant and equipment from capital expenditure of US\$16.7 million (30 June 2021: US\$23.8 million and 31 December 2020: US\$8.6 million),
- the transfer of the Williamson assets from non-current assets held for sale of US\$31.2 million, net of IFRS 5 adjustment (30 June 2021: US\$31.3 million transfer to non-current assets held for sale and 31 December 2020: US\$nil);
- an increase in the rehabilitation asset of US\$0.8 million (30 June 2021: US\$6.4 million (due to Cullinan's estimated period to decommissioning reducing from 45 years to 25 years reflecting updated scoping studies for future development outside of its current approved mine plan) and 31 December 2020: US\$6.2 million);
- depreciation of US\$42.9 million (30 June 2021: US\$75.9 million and 31 December 2020: US\$35.9 million);
- the impairment of the Koffiefontein assets of US\$0.3 million (30 June 2021: US\$17.3 million (Finsch and Koffiefontein) and 31 December 2020: US\$nil); and
- assets of US\$0.3 million (30 June 2021: US\$0.1 million and 31 December 2020: US\$0.1 million) disposed of during the Period.

## 8. LOANS AND BORROWINGS

US\$ million	31 December 2021	31 December 2020	30 June 2021
<b>Non-current liabilities</b>			
Loans and borrowings – Senior secured second lien notes	346.4	—	327.3
Loans and borrowings – Senior secured lender debt facilities	51.6	—	72.7
	<b>398.0</b>	<b>—</b>	<b>400.0</b>
<b>Current liabilities</b>			
Loans and borrowings – BEE Partner debt facilities	—	47.2	—
Loans and borrowings – senior secured lender debt facilities	27.0	61.2	30.3
Loans and borrowings – premium financing	0.3	—	—
Loans and borrowings – senior secured second lien notes <sup>1</sup>	—	702.0	—
	<b>27.3</b>	<b>810.4</b>	<b>30.3</b>

Total loans and borrowings - bank facilities	425.3	810.4	430.3
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<sup>1</sup> Prior to the Debt Restructuring finalisation date of 9 March 2021, the Company had US\$650 million Notes which had been issued by a wholly owned subsidiary, Petra Diamonds US\$ Treasury Plc. As at 31 December 2020, the Notes were classified as a current liability as the company did not have an unconditional right to defer settlement for at least 12 months at that date. These Notes were restructured during FY2021 with the existing Notes being extinguished through a debt for equity conversion (US\$415.0 million), the issue of new Notes for US\$306.7 million (including costs of US\$11.7 million) and additional new Notes via a cash injection of US\$30.0 million and additional.

#### a) US\$336.7 million Senior Secured Second Lien Notes

As part of the Debt Restructuring, a wholly owned subsidiary of the Company, Petra Diamonds US\$ Treasury Plc, issued debt securities consisting of US\$336.7 million five-year senior secured second lien loan notes ("Notes"), with a maturity date of 8 March 2026. The Notes are guaranteed by the Company and by the Group's material subsidiaries and are secured on a second lien basis on the assets of the Group's material subsidiaries. The Notes carry a coupon from:

- 9 March 2021 to 31 December 2022 of 10.50% per annum, which is capitalised to the outstanding principal amount semi-annually in arrears on 31 December and 30 June of each year;
- 1 January 2023 to 30 June 2023 of 10.50% per annum on 37.7778% of the aggregate principal amount outstanding, which is capitalised to the outstanding principal amount semi-annually in arrears on 31 December and 30 June of each year and 9.75% per annum on 62.2222% of the aggregate principal amount outstanding which is payable in cash semi-annually in arrears on 31 December and 30 June of each year;
- 1 July 2023 to 31 December 2025 of 9.75% per annum on the aggregate principal amount outstanding which is payable in cash semi-annually in arrears on 31 December and 30 June of each year; and
- 1 January 2026 to 8 March 2026 (final coupon payment) of 9.75% per annum on the aggregate principal amount outstanding which is payable in cash

The costs associated with issuing the Notes of US\$20.7 million have been capitalised against the principal amount and US\$17.3 million remains unamortised as at 31 December 2021 (30 June 2021: US\$19.4 million and 31 December 2020: US\$nil). Interest of US\$30.5 million has been accrued as at 31 December 2021.

Further details about the Notes (including security) have been included in the Group's FY 2021 Annual Report.

#### b) Senior Secured Lender Debt Facilities

The Group's South African Lender Group (Absa Corporate and Investment Banking ("Absa"), FirstRand Bank Limited (acting through its Rand Merchant Bank division) ("RMB"), and Nedbank Limited) and lending facilities are detailed below.

As part of the Restructuring in FY2021, the existing banking facilities were amended on a first lien basis and on the following terms, the creation of a new Term Loan of ZAR1.2 billion (US\$76.6 million) comprising ZAR500.0 million (US\$35.0 million) under the existing WCF and ZAR683.1 (US\$41.6 million) million relating to the BEE Partner debt facilities; and the rollover of the existing RCF increasing by ZAR160.0 million (US\$11.2 million) to ZAR560 million (US\$39.2 million). The revised terms and conditions are set out in the table below. The costs associated with restructuring of the banking facilities of US\$1.7 million and US\$0.7 million cash transaction costs allocated based on the total Restructuring costs were capitalised against the principal amount.

The new terms under the Term loan are:

- maturity date 8 March 2024;
- scheduled amortisation of 9% of principal per quarter (starting in June 2021) with a final 10% of principal repayment at maturity,
- 1.3x debt service cover ratio tested semi-annually on a rolling 12-month basis, which if breached will give rise to an event of default under the new bank facilities; and
- interest rate of SA JIBAR + 5.25% per annum (with an upfront fee of 1% of the term loan amount capitalised).

The revised terms under the RCF are:

- maturity date 8 March 2024;
- scheduled amortisation of 9% of principal per quarter (starting in June 2021) with a final 10% of principal repayment at maturity;
- 1.3x debt service cover ratio tested semi-annually on a rolling 12-month basis, which if breached will give rise to an event of default under the new bank facilities; and
- interest rate of SA JIBAR + 5.25% per annum (with an upfront fee of 1% of the RCF amount capitalised and a commitment fee based on undrawn balances).

The Group's debt and hedging facilities are detailed in the table below:

<b>Senior Lender Debt Facilities</b>	<b>31 December 2021 Facility amount</b>	31 December 2020 Facility amount	30 June 2021 Facility amount
<b>ZAR Debt Facilities:</b>			
ZAR Lenders RCF	<b>ZAR408.8 million</b>	ZAR400 million	ZAR560 million
ZAR Lenders Term loan	<b>ZAR876.4 million</b>	ZARnil	ZAR1.2 billion
ZAR Lenders WCF	<b>ZARnil</b>	ZAR500 million	ZARnil
Absa/RMB – FX Hedging facilities	<b>ZAR150 million</b>	ZAR300 million	ZAR150 million

The terms and conditions of the Group facilities are detailed in the Group's FY 2021 Annual Report.

The facilities are secured on the Group's interests in Cullinan, Finsch and Koffiefontein.

As at date of this report, the Term loan was fully drawn while the RCF had available capacity of ZAR8.8 million (US\$0.6 million). The Company paid ZAR404.6 million (US\$25.3 million) (capital plus interest) to settle the RCF on 24 January 2022. The RCF was not cancelled and remains available for drawdown.

For further details regarding changes to the Group's senior secured lender facilities subsequent to Period end refer to note 18.

#### **Covenant ratios**

As part of the revised Term loan and RCF facilities entered into with the South African Lender Group in FY2021, the Company is required:

- to maintain a 1.3x debt service cover ratio tested semi-annually on a rolling 12-month basis; and
- to maintain liquidity requirements being the aggregate of the undrawn amounts available under the RCF and consolidated cash and cash equivalents (excluding diamond debtors) not falling below ZAR200 million (US\$12.5 million).

Refer to the Financial Review for further commentary with regards to covenants.

For further details regarding changes to the Group's covenant ratios subsequent to Period end refer to note 18.

#### **c) BEE Partner debt facilities**

The BEE Partner debt facilities have been restructured and now form part of the new Term Loan (refer to (b) above).

## **9. COMMITMENTS**

As at 31 December 2021, the Company had committed to future capital expenditure totalling US\$33.8 million (30 June 2021: US\$10.2 million and 31 December 2020: US\$8.2 million), mainly comprising Cullinan US\$25.3 million (30 June 2021: US\$8.1 million 31 December 2020: US\$5.7 million), Finsch US\$8.3 million (30 June 2021: US\$1.5 million 31 December 2020: US\$1.8 million),

Koffiefontein US\$0.2 million (30 June 2021: US\$0.6 million 31 December 2020: US\$0.7 million) and Williamson US\$nil (30 June 2021: US\$nil and 31 December 2020: US\$nil).

## 10. RELATED PARTY TRANSACTIONS

The Group's related party BEE partners, Kago Diamonds (Pty) Ltd ("Kago Diamonds") and its gross interests in the mining operations of the Group are disclosed in the table below.

Mine	Partner and respective interest as at 31 December 2021 (%)	Partner and respective interest as at 31 December 2020 (%)	Partner and respective interest as at 30 June 2021 (%)
Cullinan	Kago Diamonds (14%)	Kago Diamonds (14%)	Kago Diamonds (14%)
Finsch	Kago Diamonds (14%)	Kago Diamonds (14%)	Kago Diamonds (14%)
Koffiefontein	Kago Diamonds (14%)	Kago Diamonds (14%)	Kago Diamonds (14%)

The Itumeleng Petra Diamonds Employee Trust ("IPDET") holds a 12% interest in each of the Group's South African operations, with Petra's commercial BEE Partners holding the remaining 14% interest through their respective shareholdings in Kago Diamonds, in which Petra has a 31.46% interest. The effective interest percentages attributable to the remaining operations for the Group's shareholders is 78.4%.

The non-current loans receivable, non-current loans payable, finance income and finance expense, due from and due to the related party BEE partners and other related parties, including dividends paid are disclosed in the table below:

US\$ million	31 December 2021	31 December 2020	30 June 2021
<b>Non-current receivable</b>			
Kago Diamonds <sup>1</sup>	27.1	92.9	33.5
	27.1	92.9	33.5
<b>Non-current payable</b>			
Kago Diamonds	—	71.9	—
	—	71.9	—
<b>Current trade and other receivables</b>			
KEM JV <sup>2</sup>	5.5	9.4	9.7
Impairment provision <sup>2</sup>	(4.9)	(8.1)	(8.4)
	0.6	1.3	1.3
	1 July 2021 - 31 December 2021	1 July 2020 - 31 December 2020	1 July 2020 - 30 June 2021
<b>Finance income</b>			
Kago Diamonds	1.0	2.1	3.7
	1.0	2.1	3.7
<b>Finance expense</b>			
Kago Diamonds	—	2.6	3.8
	—	2.6	3.8
<b>Dividend paid</b>			
Kago Diamonds <sup>3</sup>	1.3	—	—

<sup>1</sup> The movement in the Kago Diamonds receivable of US\$6.4 million (30 June 2021: US\$38.6 million and 31 December 2020: US\$20.8 million) is mainly attributable to amounts advanced to Kago Diamonds during the Period totalling US\$nil (30 June 2021: US\$3.8 million and 31 December 2020: US\$2.8 million), a foreign exchange decrease of US\$3.6 million (30 June 2021: US\$15.4 million increase and 31 December 2020: US\$15.5 million increase) and offset by the reversal of prior period expected credit loss provision of US\$nil million (30 June 2021: US\$4.2 million reversal and 31 December 2020: US\$2.5 million reversal) and the loan payable of US\$nil (30 June 2021: US\$62.1 million and 31 December 2020: US\$nil) by the Group to Kago against the Kago receivable.

<sup>2</sup> Included in current trade and other receivables are amounts advanced to KEM JV in respect of a working capital facility and equipment finance facility of US\$nil (30 June 2021: US\$nil and 31 December 2020: US\$nil) and the balance of the KEM JV purchase consideration of US\$nil (30 June 2021: US\$1.3 million and 31 December 2020: US\$1.1 million). During FY H1 2021 the Group received payments of US\$1.2 million (FY 2021 US\$nil and FY H1 2020: US\$nil) from the KEM JV as settlement of the outstanding purchase consideration this also resulted in an expected credit loss reversal of US\$1.1 million (H1 FY2021: US\$nil) during the Period. The Group has applied the expected credit loss impairment model to the KEM JV receivables, taking into account various factors, and the expected credit loss was deemed to be US\$nil (30 June 2021: US\$8.4 million and 31 December 2020: US\$8.1 million).

<sup>3</sup> During the Period, Finsch declared and paid a dividend out of profits generated in FY2021 to its shareholders. The BEE partners received a total net dividend payment of US\$2.5 million comprising Kago US\$1.3 million and IPDET US\$1.2 million.

Kago Diamonds is one of the BEE partners which obtained bank financing from ABSA, RMB and Ninety-One (the "BEE Lenders") to acquire its interests in Cullinan and Finsch. During FY2020, the Group had provided a guarantee to the BEE Lenders for repayment of loans advanced to the Group's BEE Partners, however during FY2021 as part of the Debt Restructuring, the BEE Partner debt facilities were restructured and now form part of the Group's new Term Loan (refer to note 8 for further detail).

## 11. BEE LOANS RECEIVABLE AND PAYABLE

US\$ million	31 December 2021	31 December 2020	30 June 2021
<b>Non-current assets</b>			
Loans and other receivables	43.1	175.1	46.6
<b>Non-current liabilities</b>			
Trade and other payables	—	133.4	—

### BEE Loans Receivable

The non-current BEE loans receivable represents those amounts receivable from the Group's BEE Partners (Kago Diamonds and the IPDET) in respect of advances historically provided to the Group's BEE Partners to enable them to discharge interest and capital commitments under the BEE Lender facilities, advances to the BEE Partners to enable trickle payment distributions to both Kago Diamonds shareholders and to the beneficiaries of the IPDET (Petra Directors and Senior Managers do not qualify as beneficiaries under the IPDET Trust Deed), and financing of their interests in the Koffiefontein mine. In addition, US\$48.6 million (30 June 2021: US\$45.4 million and 31 December 2020: US\$47.2 million) has been recorded as part of the gross receivable (before expected credit loss provisions) in respect of amounts to be reimbursed to the Group in respect of the guarantee under the BEE Lender facilities. Judgment was required in determining the extent to which reimbursement is applicable based on the terms of the agreements, South African legislation and discussions with the BEE partners.

As a result of historical delays in the Cullinan plant ramp-up and the Finsch SLC ramp-up, the Group has historically and through the Period elected to advance the BEE Partners' funds using Group treasury to enable the BEE Partners to service their interest and capital commitments under the BEE Lender facilities (refer below). These BEE receivables, including interest raised, will be recoverable from the BEE Partners' share of future cashflows from the underlying mining operations.

As part of the in principle agreement reached during the Period as part of the Restructuring, Petra will assume the BEE Lender facility obligations under the terms outlined in note 8.

As part of the Debt Restructuring in FY2021, Petra has assumed the BEE Lender facility obligations under the terms outlined in notes 8 and 18.

For detail on expected credit loss provision and reversal associated with the BEE loans receivable refer to note 2.

US\$ million	1 July 2021 - 31 December 2021	1 July 2020 - 31 December 2020	1 July 2020 - 30 June 2021
As at 1 July	46.6	137.0	137.0
Foreign exchange movement on opening balance	(5.1)	25.8	30.7
Discretionary advance – capital and interest commitment (BEE Lender facility)	—	2.9	4.7
Discretionary advance – distributions to beneficiaries	—	2.1	2.0
Interest receivable	2.0	2.7	5.2
Reversal of BEE loans receivable – expected credit loss provision	—	4.6	5.8
Repayment of loan from BEE partner	(0.4)	—	—
BEE payable restructuring – offset against BEE receivable	—	—	(138.8)
As at 30 June	43.1	175.1	46.6

#### BEE loans payable

BEE loans payable represent those loans advanced by the BEE partners to the Group to acquire their interest in Cullinan and Finsch. Details of the movements are set out below.

US\$ million	1 July 2021 - 31 December 2021	1 July 2020 - 31 December 2020	1 July 2020 - 30 June 2021
As at 1 July	—	108.6	108.6
Foreign exchange movement on opening balance	—	20.0	23.2
Interest payable	—	4.8	7.0
BEE payable restructuring – offset against BEE receivable	—	—	(138.8)
As at 30 June	—	133.4	—

#### Group guarantee provided to BEE Lenders

The BEE Partners obtained bank financing from ABSA, RMB and Investec (“the BEE Lenders”) to refinance amounts owing by the BEE Partners to Petra, which had provided funding to the BEE Partners to enable them to acquire their interests in Cullinan and Finsch. As part of historical refinancing arrangements, the Group provided a guarantee to the BEE Lenders over the repayment of loans advanced to the Group’s BEE Partners. The BEE Partners were expected to settle their loan obligations with the BEE Lenders from their share of future operational cashflows from the South African operations, either through repayment of the amounts owing to the BEE Partners by Petra or through recoverable advances provided by Petra from Group treasury.

In March 2021, the Group completed its Restructuring, the BEE Lender facility was included as part of the Group's new banking facilities and the guarantee provided by the Group on behalf of the BEE Partners was extinguished (refer to note 8 for further detail).

## **12. SHARES ISSUED**

During the Period, the Company's shareholders approved at the FY2021 Annual General Meeting a 50 for 1 Share Consolidation. Admission of the Company's New Ordinary Shares took place on 29 November 2021. As a result of the Share Consolidation, the Company's shares in issue comprise of 194,201,785 ordinary shares of 0.05 pence each.

In FY2021, as part of the Restructuring and subsequent to the approval by shareholders at a special general meeting held on 13 January 2021, the Company allotted 8,844,657,929 Ordinary Shares to the Noteholders valued at US\$194.0 million (comprising Ordinary shares valued at US\$12.3 million and share premium of US\$181.7 million before capitalised costs), based on the share price at 9 March 2021 (the date upon which all implementation steps for the Debt Restructuring were met). The allotment was pursuant to the Debt for Equity Conversion, announced on 22 December 2020, which resulted in the Noteholders holding 91% of the enlarged share capital of the Company in the following proportions:

- 56.0% of the enlarged share capital was issued to all Noteholders, including the New Money Noteholders, pro rata to their holdings of existing Notes at the close of the Restructuring (to the extent any Noteholder did not take up their equity entitlement, such entitlement was allocated to the remaining Noteholders who did not opt out of their equity entitlement, on a pro rata basis); and
- 35.0% of the enlarged share capital was issued to the New Money Noteholders only, pro rata to their contribution of the New Money (to the extent any such Noteholders did not take up their equity entitlement, such entitlement was allocated to the remaining Noteholders who contributed to the New Money and who did not opt out of their equity entitlements, on a pro rata basis).

As a consequence of the Debt for Equity Conversion, 9% of the Company's enlarged share capital remains with the previous shareholders (subject to dilution as a result of standard management equity incentive arrangements). The costs associated with the allotment of the new ordinary shares of US\$12.3 million were capitalised against share premium. For additional information regarding the Restructuring refer to note 18.

### 13. EARNINGS PER SHARE

	Total 1 July 2021 - 31 December 2021 US\$	Total 1 July 2020 - 31 December 2020 US\$	Total 30 June 2021 US\$
Numerator			
Profit for the Period	43,288,096	54,571,655	187,021,893
Denominator			
	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS			
Brought forward	9,710,089,272	865,431,343	865,431,343
Effect of shares issued during the Period	—	—	2,721,433,209
Effect of 50 for 1 share consolidation November 2021	(9,515,887,487)	(848,122,716)	(3,515,127,261)
Carried forward	194,201,785	17,308,627	71,737,291
	Shares	Shares	Shares
Dilutive effect of potential ordinary shares			
Weighted average number of ordinary shares in issue used in diluted EPS	194,201,785	17,308,627	71,737,291
	US cents	US cents	US cents
Basic profit per share – US cents	22.29	315.29	260.70
Diluted profit per share – US cents	22.29	315.29	260.70

The number of potentially dilutive ordinary shares, in respect of employee share options, Executive Director and Senior Management share award schemes is nil (30 June 2021: nil and 31 December 2020: nil).

For the 12 months ending 30 June 2021, the basic and diluted profit per share have been restated and adjusted for the 50 for 1 share consolidation which became effective in November 2021, in accordance with IAS 33 Earning per Share. Amounts as originally stated were 5.22 cents basic and 5.22 cents dilutive profit per share.

For the 6 months ending 31 December 2020, the basic and diluted loss per share have been restated and adjusted for the 50 for 1 share consolidation which became effective in November 2021, in accordance with IAS 33 Earning per Share. Amounts as originally stated were 6.31 cents basic loss and 6.31 cents dilutive profit per share.

#### 14. ADJUSTED EARNINGS PER SHARE (non-GAAP measure)

In order to show earnings per share from operating activities on a consistent basis, an adjusted earnings per share is presented which excludes certain items as set out below. It is emphasised that the adjusted earnings per share is a non-GAAP measure. The Petra Board considers the adjusted earnings per share to better reflect the underlying performance of the Group. The Company's definition of adjusted earnings per share may not be comparable to other similarly titled measures reported by other companies.

	Total 1 July 2021 - 31 December 2021 US\$	Total 1 July 2020 - 31 December 2020 US\$	Total 30 June 2021 US\$
Numerator			
Profit for the Period	43,288,096	54,571,655	187,021,893
Net unrealised foreign exchange loss / (gain)	22,015,553	(49,936,067)	(59,819,931)
Present value discount – Williamson VAT receivable	663,803	211,488	(763,537)
Profit on disposal of subsidiary	—	(14,696,171)	(14,696,171)
Impairment charge - operations*	227,304	—	34,989,716
Impairment / (reversal) charge – other receivables	(1,118,250)	—	439,236
Reversal of BEE loans receivable – expected credit loss provision	—	(4,585,295)	(5,824,201)
Taxation charge / (credit) on unrealised foreign exchange (gain) / loss	(8,507,107)	15,165,971	17,228,580
Taxation credit on impairment charge*	—	—	(3,308,166)
Gain on extinguishment of Notes	—	—	(213,349,503)
Transaction costs (reversal) / expense – Human rights settlement agreement and provisions for unsettled and disputed tax claims	(239,494)	—	31,110,891
Adjusted loss for the Year attributable to parent	<b>56,329,905</b>	731,581	(25,971,193)
*Portion attributable to equity shareholders of the Company			
Denominator			
	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS			
As at 1 July	9,710,089,272	865,431,343	865,431,343
Effect of shares issued during the Period	—	—	2,721,433,209
Effect of 50 for 1 share consolidation November 2021	<b>(9,515,887,487)</b>	(848,122,716)	(3,515,127,261)

Carried forward	<b>194,201,785</b>	17,308,627	71,737,291
	<b>Shares</b>	Shares	Shares
Dilutive effect of potential ordinary shares	—	—	—
Weighted average number of ordinary shares in issue used in diluted EPS	<b>194,201,785</b>	17,308,627	71,737,291
	<b>US cents</b>	US cents	US cents
Adjusted basic profit / (loss) per share – US cents	<b>29.01</b>	4.23	(36.20)
Adjusted diluted profit / (loss) per share – US cents	<b>29.01</b>	4.23	(36.20)

For the 12 months ending 30 June 2021, the basic and diluted profit per share have been restated and adjusted for the 50 for 1 share consolidation which became effective in November 2021, in accordance with IAS 33 Earning per Share. Amounts as originally stated were 0.73 cents basic and 0.73 cents dilutive loss per share.

For the 6 months ending 31 December 2020, the basic and diluted loss per share have been restated and adjusted for the 50 for 1 share consolidation which became effective in November 2021, in accordance with IAS 33 Earning per Share. Amounts as originally stated were 0.08 cents basic loss and 0.08 cents dilutive profit per share.

## 15. IMPAIRMENT CHARGE

The current market conditions in the global rough diamond market, the ongoing impact of the COVID-19 pandemic, volatility of and variability in product mix are all factors impacting the rough diamond prices achieved by Petra during the Period, resulting in management taking a critical review of the Group's business models and operational assets. The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If there is any indication that an asset may be further impaired or an impairment reversal may apply, its recoverable amount is estimated. The recoverable amount is determined on a fair value less cost to develop basis.

The operations of Cullinan, Finsch, Koffiefontein and Williamson are held at recoverable value as a result of FY2021 impairments. During the Period under review, the Group reviewed the carrying value of its investments, loan receivables and operational assets for indicators of impairment. Following the assessment, no further impairment of property, plant and equipment was considered appropriate for Cullinan, Finsch and Williamson, nor was any impairment reversal considered appropriate in the current Period. The Group recognised an asset level impairment charge of US\$0.3 million being managements' estimate of the decrease in the value of the Koffiefontein assets. The Group recognised a consolidated income statement charge of US\$0.7 million comprising management's estimate of the recoverability of the Tanzania VAT receivable and an impairment reversal of US\$1.1 million of the KEM JV receivable.

Impairment (US\$ million)	Asset class	Carrying value pre impairment	Impairment	Carrying value post impairment
<b>Impairment operations:</b>				
Cullinan	Property, plant & equipment	429.2	—	429.2
Finsch	Property, plant & equipment	163.7	—	163.7
Koffiefontein	Property, plant & equipment	1.1	(0.3)	0.8
Williamson	Property, plant & equipment	30.0	—	30.0
Sub-total		624.0	(0.3)	623.7
<b>Impairment – non-financial receivables:</b>				
Other – current receivable	KEM JV receivable (refer to note 10)	1.5	1.1	2.6
Other – non-current	Tanzania VAT receivable (refer to note 2)	2.5	(0.7)	1.8
Sub-total		4.0	0.4	4.4
<b>Total</b>		<b>628.0</b>	<b>0.1</b>	<b>628.1</b>

### 31 December 2020

During the 6 month period ending 31 December 2020, the Group reviewed the carrying value of its investments, loan receivables and operational assets for indicators of impairment. Following the assessment, no impairment of property, plant and equipment was considered appropriate for Cullinan, Finsch, Koffiefontein and Williamson, nor was any impairment reversal considered appropriate in the current Period. The Group recognised a consolidated income statement charge of US\$0.2 million comprising management's estimate of the recoverability of the Tanzania VAT receivable.

Details of the impairment assessment are shown below:

Impairment (US\$ million)	Asset class	Carrying value pre impairment	Impairment	Carrying value post impairment
<b>Impairment – non-financial receivables:</b>				
Other	Tanzania VAT receivable (refer note 2)	10.8	(0.2)	10.6

<b>Total</b>		10.8	(0.2)	10.6
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### 30 June 2021

The operations of Cullinan, Finsch and Koffiefontein were held at recoverable value as a result of FY 2020 impairments. During FY 2021, the Group reviewed the carrying value of its investments, loan receivables and operational assets for indicators of impairment. Following the assessment, impairment of property, plant and equipment was considered appropriate for Finsch and Koffiefontein. No impairment was considered necessary for Cullinan, nor was any impairment reversal considered appropriate in the current year. The Group recognised a consolidated income statement charge of US\$17.3 million being the amount required to write down management's estimate of recoverable value of the Finsch and Koffiefontein assets. Williamson was classified as Held for Sale as at 30 June 2021 (refer to note 17).

<b>Impairment (US\$ million)</b>	<b>Asset class</b>	<b>Carrying value pre impairment</b>	<b>Impairment</b>	<b>Carrying value post impairment</b>
<b>Impairment operations:</b>				
Cullinan	Property, plant & equipment	497.9	—	497.9
Finsch	Property, plant & equipment	210.6	(15.1)	195.5
Koffiefontein	Property, plant & equipment	3.3	(2.2)	1.1
Williamson	Property, plant & equipment (refer note 17)	52.7	(21.4)	31.3
Sub-total		764.5	(38.7)	725.8
<b>Impairment – non-financial receivables:</b>				
	Tanzanian VAT receivable reversal			
Other – current	(refer note 2)	—	0.7	0.7
Other – current	Other receivables	0.6	(0.4)	0.2
Sub-total		0.6	0.3	0.9
<b>Total</b>		<b>765.1</b>	<b>(38.4)</b>	<b>726.7</b>

### Cullinan, Finsch, Koffiefontein and Williamson impairment considerations and assumptions

The Group performs impairment testing on an annual basis of all operations and when there are potential indicators of impairment. The impairment testing performed resulted in impairments of the Cullinan, Finsch, Koffiefontein and Williamson assets. The key assumptions used in determining the recoverable value calculations, determined on fair value less cost to develop basis, are listed in the table below:

#### Group assumptions for 31 December 2021 and 30 June 2021:

Key assumptions	Explanation
Current mine plan and recoverable value of reserves and resources	Economically recoverable reserves and resources are based on management's expectations based on the availability of reserves and resources at mine sites and technical studies undertaken in house and by third party specialists. The current mine plans for the operations are as follows: Cullinan: FY 2031 (FY 2021: FY 2031) Finsch: FY 2031 (FY 2021: FY 2030) Koffiefontein: FY 2025 (FY 2021: FY 2023) Williamson: FY 2030 Resources remaining after the current mine plans have not been included in impairment testing for the operations.
Current mine plan reserves and resources	Finsch: Current mine plan over the next nine years; total resource processed 25.8 Mt (FY 2021: Current mine plan over the next ten years; total resource processed 26.8 Mt). Cullinan: Current mine plan over the next nine years; total resource processed 38.5 Mt (FY 2021: Current mine plan over the next ten years; total resource processed 38.6 Mt).

Koffiefontein: Current mine plan over the next two years; total resource processed 2.1 Mt (FY 2021: Current mine plan over the next three years; total resource processed 2.2 Mt).  
 Williamson: Current mine plan over the next 9 years, total resource processed 46.5 Mt (FY2021: Williamson was on care and maintenance).

Current mine plans – capital expenditure	Management has estimated the timing and quantum of the capital expenditure based on the Group's current mine plans for each operation. There is no inclusion of capital expenditure to enhance the asset beyond exploitation of the current mine plan orebody.
Residual Value	Cullinan: Management included a residual value of property, plant and equipment to be used beyond the current mine plan, given the significant resource base estimated to be available at the end of the current mine plan. No residual values were included in the impairment assessments of the other mining operations.
Diamond prices	The diamond prices used in the impairment test have been set with reference to recently achieved pricing and market trends, and long-term diamond price escalators are informed by industry views of long-term market supply/demand fundamentals. Given the current market uncertainty, the assessment of short-term diamond prices and the rate and extent of pricing recovery, together with the longer-term pricing escalators, represented a critical judgement  The 31 December 2021 impairment testing models starting price assumptions have been adjusted for Cullinan and Finsch when compared to the 30 June 2021 impairment models to be in line with actual prices achieved in the preceding 6 month Period. Diamond prices (excluding Exceptional Stones) have been assumed to remain unchanged FY 2022 and FY2023, then increase by 1.7% in FY2024 and thereafter at 3.9% from FY 2025. The long-term models incorporate normalised diamond price escalation of 1.9% above a long-term US inflation rate of 2.5% per annum from FY 2025 to FY 2030. Estimates for the contribution of Exceptional Diamonds sold for more than US\$5.0 million each are determined with reference to historical trends. Based on the historical trends, management have increased the contribution from Exceptional Stones at Cullinan from US\$25.0 million to US\$35.0 million per annum.  The 30 June 2021 impairment testing models starting price assumptions have been updated to reflect the improved pricing achieved during the Year when compared to the 30 June 2020 impairment models. Diamond prices have been assumed to increase from FY 2022 and then 4% from FY 2024, returning to pricing levels achieved before the impact of COVID-19, representing an increase of 25-30% from pricing achieved at the lowest point during FY2020. The long-term models incorporate normalised diamond price escalation of 1.9% above a long-term US inflation rate of 2.5% per annum from FY 2025 to FY 2030. Estimates for the contribution of Exceptional Diamonds sold for more than US\$5.0 million each are determined with reference to historical trends.
Discount rate	A ZAR discount rate of 12.0% (30 June 2021: 12.0%) was used for the South African operations in and a USD discount rate of 13.25% (30 June 2021: 13.25%) for Williamson. Discount rates calculated based on a nominal weighted average cost of capital including the effect of factors such as market risk and country risk as at the Year end. USD and ZAR discount rates are applied based on respective functional currency of the cash generating unit. As Williamson was held for sale as at 30 June 2021, the discount rate was applied to cashflows expected from a disposal transaction.
Cost inflation rate	Long-term inflation rates of 3.5%–7.8% (30 June 2021: 3.5%–7.8%) above the long-term US\$ inflation rate were used for Opex and Capex escalators.
Exchange rates	Exchange rates are estimated based on an assessment of current market fundamentals and long-term expectations. The US\$/ZAR exchange rate range used for all South African operations commenced at ZAR15.00 (30 June 2021: ZAR14.50) reflecting the current volatility experienced during H1 FY2022, before further devaluing at 5.5% (30 June 2021: 5.5% from FY 2023) per annum until FY 2027 and thereafter devaluing at 3.5% per annum. Given the volatility in the USD/ZAR exchange rate and the current levels of economic uncertainty, the determination of the exchange rate assumptions required significant judgement.
Valuation basis	Discounted present value of future cash flows.
Williamson	During the Period, Williamson recommenced production. For impairment testing at Williamson, management have used the above assumptions.  During FY2021, Williamson was classified as an asset held for sale, for further detail refer to note 17.

## Sensitivity analysis

The impact of applying reasonable downside sensitivities on the key inputs based on management's assumptions at 31 December 2021 is noted below:

(US\$ million)	Additional Impairment charge			
	Cullinan	Finsch	Koffiefontein	Williamson
Base case				
Increase in discount rate by 2%	31.6	13.6	0.8	4.1
Reduction in pricing by 5% over Life of Mine	42.3	34.1	0.8	19.6
Reduction in short-term production by 10%	9.7	7.6	0.8	0.5
Increase in Opex by 5%	22.3	14.9	0.8	32.0
Reduction in Exceptional Stones contribution by US\$10.0 million per annum	36.7	n/a	n/a	n/a
Strengthening of the ZAR from US\$/ZAR15.00 to US\$/ZAR13.50	105.5	71.4	0.8	n/a

## 16. DISPOSAL OF OPERATION (30 June 2021)

### a) Disposal of Botswana (exploration)

During FY 2021, the Company disposed of its exploration assets in Botswana via the sale of 100% of its holding in Sekaka Diamonds Exploration (Pty) Limited ("Sekaka") to Botswana Diamonds PLC for a total consideration of US\$300,000 and a 5% royalty on future diamond revenues should any of the prospects within the exploration licences be brought into production. Refer to note 36 of FY2021 Annual Report for details.

The profit on disposal of subsidiary of US\$14.7 million comprises a US\$0.3 million disposal consideration, net profit of US\$1.3 million for the Period 1 July 2020 to the 30 November 2020 disposal date, and the recycling of the foreign currency translation reserve of US\$13.3 million, offset by a net asset disposal amount of US\$0.2 million.

## 17. WILLIAMSON

### a) Framework Agreement

On 13 December 2021, the Company signed an agreement in principle with the Government of Tanzania relating to the Williamson operations. Williamson resumed operations and sales during the Period, having been on care and maintenance since April 2020.

The Framework Agreement provides for a capital restructuring of the Williamson Diamonds Limited ("WDL"), the entity that owns the Williamson Mine, including the 16% free carried interest that the Government of Tanzania is entitled to receive in WDL and its shareholder loans under Section 10 of the Tanzanian Mining Act, 2017 and Regulation 10 of the Tanzanian Mining (State Participation) Regulations, 2020. The capital restructuring will include:

- a WDL share issue with the effect of reducing Petra's indirect shareholding from 75% to 63% and consequently increasing the Government of Tanzania's shareholding from 25% to 37%;
- a contribution to the Government of Tanzania of 16% of the principal outstanding value of the Group's shareholder loans payable by WDL, with the remaining 84% of such principal outstanding loans continuing to be owed to the Group; and

- the transfer of the WDL shares held by the Group to another member of the Petra Group (either Petra itself or a special purpose subsidiary).

With respect to the reorganisation of the parties' legal interests in WDL, the Framework Agreement also provides for an overall 55:45 economic benefit sharing ratio between the Government of Tanzania and Petra in relation to future economic benefits from the Williamson Mine. This arrangement is intended to capture the parties' entitlements as shareholders as well as, with respect to the Government of Tanzania, the revenue it collects from WDL arising from taxes, royalties, duties, fees and other fiscal levies ("Government Imposed Charges"). The Framework Agreement also provides that WDL shall be entitled to off-set its undisputed unpaid and overdue VAT receivables against future Government Imposed Charges, whereby such Government Imposed Charges will be off-set and treated as paid for the purposes of the economic benefit sharing ratio.

The Framework Agreement provides that Petra and the Government of Tanzania will provide financial assistance for the restart of operations at the Williamson Mine. Petra has already provided funding and the Government of Tanzania has agreed to allocate the sales proceeds of the 71,654.45 carat diamond parcel from the Williamson Mine that was previously confiscated and blocked for export. The original value of this parcel was assessed in September 2017 at approximately US\$15 million, as previously disclosed, although Petra has not had the parcel independently valued.

The Framework Agreement records an important US\$20.0 million settlement between the parties concerning long-standing historic disputes with the Government of Tanzania. In FY2021, as at 30 June 2021 the Group raised a provision of US\$19.5 million (adjusted for time-value of money) in respect of the aforementioned settlement. This settlement payment shall be made in instalments, with the first instalment of US\$5.0 million to be paid when the Framework Agreement becomes effective and upon receipt of proceeds by WDL from the sale of the confiscated diamond parcel. The subsequent annual instalments of the settlement amount are to be made annually at amounts as determined by WDL's board of directors.

The Framework Agreement is subject to a number of conditions, including Tanzanian regulatory approvals and the consent of Petra's South African lender group, and is therefore not yet effective as at 31 December 2021. Petra is entering into the Framework Agreement with the Government of Tanzania in the latter's capacity principally as a regulator and collector of taxes in Tanzania. However, the Government of Tanzania is also a related party to Petra for the purposes of the UK Listing Rules, due to the Government's shareholding in WDL. Accordingly, the Framework Agreement cannot become legally binding on the parties until approval is obtained from Petra's shareholders. Notwithstanding, the Government of Tanzania's right to a 16% free carried interest under the Tanzanian Mining Act, 2017 is an entitlement as a matter of Tanzanian law, and is not of itself ultimately subject to any approval or condition in any respect. Accordingly, Petra acknowledges that arrangements to reflect this will need to be implemented regardless of the Framework Agreement becoming effective. On 9 February 2022, Petra received shareholder approval of the Framework Agreement.

#### **Memorandum of Understanding with Caspian Limited ("MOU")**

On 15 December 2021, the Company announced that it had signed a non-binding Memorandum of Understanding ("MoU") to sell 50% less one share of the entity that holds the Group's shareholding in Williamson Diamonds Limited ("WDL"), along with a pro rata portion of shareholder loans owed by WDL, to Caspian Limited or its nominee ("Caspian") for a total consideration of US\$15.0 million. Caspian is the long-term technical services contractor at the Williamson Mine.

Upon completion of the transactions contemplated by the MoU and the capital restructuring in the aforementioned Framework Agreement becoming effective, Petra and Caspian will each indirectly hold a 31.5% stake in WDL but Petra retains a controlling interest in Williamson.

Caspian's purchase will be funded through the settlement of US\$11.1 million of past technical services payments owed by WDL to Caspian, including services rendered during the recent restart of operations following the care and maintenance period, with the remaining amount being funded by Caspian rendering US\$3.9 million of technical services to WDL in order to ramp-up operations at the Williamson Mine.

The sale of the 50% stake in the entity that holds Petra's shares in WDL is subject to the parties obtaining all necessary Governmental, regulatory and lender approvals, including approvals from the Tanzanian Mining Commission, the Tanzanian Fair Competition Commission and The Bank of Tanzania, and a binding ruling from the Tanzania Revenue Authority on the tax treatment of the transaction. The parties are seeking to obtain such approvals by the end of H2 FY 2022.

As at 30 June 2021, the criteria for classification as Asset Held for sale was met. Refer to (b) below for FY2021 disclosures). Subsequently, the signing of the MOU will result in Petra retaining its controlling interest in WDL and will see Petra consolidating WDL's operating and financial results, with an appropriate recognition of non-controlling interest attributable to both Caspian and the Government of Tanzania. As neither agreement mentioned above is effective as at 31 December 2021, WDL has been consolidated in the same proportions as prior to its Held for Sale classification being 75% Petra and 25% Government of Tanzania.

**b) Asset Held for Sale (30 June 2021)**

As at 30 June 2021, the assets and liabilities of the Williamson operation (being Petra's 75.0% interest) were classified as held for sale in the Statement of Financial Position at 30 June 2021, in accordance with IFRS 5. The financial results of the Williamson operation for FY2021 were disclosed in the Consolidated Income Statement in Loss on discontinued operation. These have been restated for the period ending 31 December 2021. The Williamson mining operation is a separate operating segment for the purposes of the Group's segmental reporting.

i) Net assets of Williamson:

US\$ million	Book value prior to reclassification of as held for sale	Impairment	30 June 2021
Mining property, plant and equipment	52.7	(21.4) <sup>1</sup>	31.3
Non-current trade and other receivables	0.7	—	0.7
Trade and other receivables	2.9	—	2.9
Inventory	15.5	—	15.5
Cash and cash equivalents	9.2	—	9.2
<b>Non-current assets held for sale</b>	<b>81.0</b>	<b>(21.4)</b>	<b>59.6</b>
Environmental liabilities, provisions and other non-current trade and other payables	(22.9)	—	(22.9)
Trade and other payables and provisions	(10.6)	—	(10.6)
<b>Non-current liabilities associated with non-current assets held for sale</b>	<b>(33.5)</b>	<b>—</b>	<b>(33.5)</b>
<b>Net assets</b>	<b>47.5</b>	<b>(21.4)</b>	<b>26.1</b>

ii) Result of Williamson:

US\$ million	1 July 2020 – 30 June 2021	1 July 2019 – 30 June 2020
Revenue	4.6	52.5
Cost of sales	(13.8)	(68.7)
Gross loss	(9.2)	(16.2)
Impairment charge – operations	—	(34.6)
Impairment reversal / (charge) - other receivables	0.7	(6.8)
Provisions for unsettled and disputed tax claims	(19.5)	—
Financial income	—	0.6
Financial expense	(2.7)	(0.8)
<b>Loss before tax</b>	<b>(30.7)</b>	<b>(57.8)</b>
Income tax charge	—	(0.2)
<b>Loss after tax before impairment charge</b>	<b>(30.7)</b>	<b>(58.0)</b>
Impairment charge <sup>1</sup>	(21.4)	—
<b>Net loss for the Year</b>	<b>(52.1)</b>	<b>(58.0)</b>
Attributable to:		
- Equity holders of the parent	(52.1)	(58.0)
- Non-controlling interest	—	—
	<b>(52.1)</b>	<b>(58.0)</b>

The US\$21.4 million impairment loss recorded on the Williamson assets represented the difference between the assets measured at the lower of their carrying amount and fair value less costs to sell considering the best available information at the present time with reference to ongoing discussions with a potential investor. The impairment charge of US\$21.4 million was recognised to reduce assets of Williamson to equal the fair value less costs to sell.

c) **Consolidated balance reconciliation - Williamson (31 December 2021)**

US\$ million	Consolidated	Williamson	Consolidated
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	(excluding WDL) 31 December 2021	31 December 2021	(including WDL) 31 December 2021
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	596.6	30.0	626.6
Right-of-use assets	0.7	26.1	26.8
BBE loans and receivables	43.1	—	43.1
Other receivables	—	1.8	1.8
Deferred tax assets	(0.1)	0.1	—
<b>Total non-current assets</b>	<b>640.3</b>	<b>58.0</b>	<b>698.3</b>
<b>Current assets</b>			
Trade and other receivables	19.6	6.6	26.2
Inventories	71.9	25.6	97.5
Cash and cash equivalents (including restricted amounts)	255.2	17.1	272.3
<b>Total current assets</b>	<b>346.7</b>	<b>49.3</b>	<b>396.0</b>
<b>Total assets</b>	<b>987.0</b>	<b>107.3</b>	<b>1,094.3</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	145.7	—	145.7
Share premium account	959.5	—	959.5
Foreign currency translation reserve	(447.3)	0.6	(446.7)
Share-based payment reserve	1.9	—	1.9
Other reserves	(0.8)	—	(0.8)
Accumulated losses	(218.6)	8.5	(210.1)
<b>Attributable to equity holders of the parent company</b>	<b>440.4</b>	<b>9.1</b>	<b>449.5</b>
Non-controlling interest	(7.8)	—	(7.8)
<b>Total equity</b>	<b>432.6</b>	<b>9.1</b>	<b>441.7</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Loans and borrowings	371.9	26.1	398.0
Lease liabilities	0.4	23.2	23.6
Provisions	67.1	28.9	96.0
Deferred tax liabilities	55.3	—	55.3
<b>Total non-current liabilities</b>	<b>494.7</b>	<b>78.2</b>	<b>572.9</b>
<b>Current liabilities</b>			
Loans and borrowings	27.0	0.3	27.3
Lease liabilities	0.4	2.8	3.2
Trade and other payables	32.3	16.9	49.2
<b>Total current liabilities</b>	<b>59.7</b>	<b>20.0</b>	<b>79.7</b>
<b>Total liabilities</b>	<b>554.4</b>	<b>98.2</b>	<b>652.6</b>
<b>Total equity and liabilities</b>	<b>987.0</b>	<b>107.3</b>	<b>1,094.3</b>

	Consolidated (excluding WDL) 1 July 2021 – 31 December 2021	Williamson 1 July 2021 – 31 December 2021	Consolidated (including WDL) 1 July 2021 – 31 December 2021
US\$ million			
Revenue	244.5	20.2	264.7
Mining and processing costs	(143.1)	(9.8)	(152.9)

Other direct income	0.2	0.1	0.3
Corporate expenditure including settlement costs	(5.2)	—	(5.2)
Other corporate income	0.6	—	0.6
Expenditure for unsettled and disputed tax claims	—	—	—
Impairment of non-financial assets	(0.3)	(0.7)	(1.0)
Impairment of BEE loans receivable – expected credit loss release	1.1	—	1.1
Impairment charge	—	—	—
<b>Total operating costs</b>	<b>(146.7)</b>	<b>(10.4)</b>	<b>(157.1)</b>
Profit on disposal including associated impairment, net of tax	—	—	—
Financial income	9.7	1.7	11.4
Financial expense	(55.6)	(0.7)	(56.3)
<b>Profit before tax</b>	<b>51.9</b>	<b>10.8</b>	<b>62.7</b>
Income tax charge	(13.6)	—	(13.6)
<b>Profit for the Period</b>	<b>38.3</b>	<b>10.8</b>	<b>49.1</b>
Attributable to:			
Equity holders of the parent			43.2
Non-controlling interest			5.9
			49.1

## 18. Restructuring of the US\$650 million Loan Notes (30 June 2021)

On 10 March 2021, the Company completed the implementation of the debt Restructuring project with the Noteholders and the South African Lender Group. The key features of the Restructuring of the US\$650 million Notes and the Senior secured lender debt facilities of ZAR1.6 billion were as follows:

- conversion of Notes debt valued at US\$415.0 million into equity, which resulted in the Noteholder group holding 91% of the enlarged share capital of the Company (refer (a) below);
- the remainder of the Notes exchanged for the issue of US\$295.0 million new Notes and the contribution by holders of the existing Notes of US\$30.0 million in new money, each to take the form of New Notes (refer (a) below); and
- restructuring of the first lien facilities to provide for a Term Loan of ZAR1.2 billion and a Revolving Credit Facility (“RCF”) of ZAR560 million provided by the South African Lender Group (refer (b) below).

### a) Debt for Equity conversion and the issue of New Notes

#### i) Debt for Equity swap

The Company completed a debt for equity conversion consisting of the partial repayment of the US\$650 million Loan Notes by issuing 8,844,657,929 new Ordinary Shares with a nominal value of 0.001 pence per share in the Company to the existing Noteholders. The fair value of the shares at the date of the conversion was 1.58 pence per share, giving a total consideration of US\$194.0 million. The carrying value of the liability at the date of the conversion was US\$415.0 million. The resulting gain, before restructuring costs, of US\$221.0 million has been recognised in the Income Statement as part of the gain on extinguishment of the Notes. Restructuring costs identified as being directly associated with the debt for equity conversion, of US\$12.4 million have been taken directly to share premium. The Debt for Equity Conversion resulted in the Noteholders holding 91% of the enlarged share capital of the Company.

#### ii) Issue of New Notes

The New Notes of US\$336.7 million were issued and allocated as follows:

- US\$30.0 million allocated only to those Noteholders that subscribed, and funded that subscription, to the New Money, pro rata to their New Money contribution (the “New Money Noteholders”);

- US\$150.0 million allocated only to those New Money Noteholders, pro rata to each holder's contribution to the New Money;
- US\$145.0 million allocated to all Noteholders (including the New Money Noteholders), pro rata to their holdings of existing Notes at the close of the Restructuring; and
- a further amount of New Notes as consideration to certain Noteholders, in remuneration for the commercial risks and other commercial considerations borne by those Noteholders whilst restricted for the purposes of negotiations with other stakeholders and work performed in connection with the Restructuring. The quantum of New Notes issued for this purpose was US\$11.7 million, which has been capitalised as part of the Notes liability and will be amortised over the term of the Notes.

The restructuring of the terms of the Loan Notes represented a substantial modification as the net present value of the cash flows under the original terms and the modified terms was greater than 10%. As such, carrying value of the Loan Notes of US\$299.0 million was de-recognised and the amended new Notes with a nominal value of US\$306.7 million were recognised on the balance sheet at the date of modification. The loss arising on substantial modification of the Loan Notes of US\$7.7 million has been recognised in the Income Statement as part of the gain on extinguishment of the Notes. The acceleration of unamortised costs associated with the substantial modification were expensed and included within net finance income (refer to note 6).

#### **b) First lien facilities**

The previous facilities held with the South African Lender Group, included the ZAR500.0 million working capital facility (the "WCF"), the ZAR400.0 million RCF, the financing arrangements in respect of the Group's BEE partners (the "BEE Facilities") of ZAR683.1 million and the Group's general banking facilities were restructured through the extinguishment of the existing facilities and the replacement of such facilities with a new Term Loan and RCF, as part of the Restructuring.

A new Term Loan was made available to the Group for a principal amount of ZAR1.2 billion, in order to refinance the previous drawn ZAR500.0 million WCF and the outstanding principal amounts of the BEE Facilities (ZAR683.1 million). Transaction costs of ZAR17.4 million (US\$1.7 million) and cash transaction costs of US\$0.7 million directly associated with the Term loan were capitalised to the liability to be amortised over the period of the loan. The Term Loan is fully drawn.

A new RCF was made available comprising a rollover of the previous ZAR400.0 million RCF but increased by a further ZAR160.0 million. An amount of ZAR400.0 million remains drawn at Year end under the RCF with the RCF reducing at Year end to ZAR509.6 million in line with the amortisation profile, with ZAR109.6 million still available for drawdown. For the terms of the new First lien facilities refer to note 8.

#### **c) Transaction costs**

A total of US\$33.7 million (FY2020: US\$3.8 million included under prepayments) were incurred during the Year for the Restructuring. The transaction costs have been apportioned to Equity, the Notes and bank facilities based on each components contribution to the total Restructuring. Cash costs incurred in the Year amounted to US\$29.9 million (FY 2020: US\$3.8 million included under prepayments).

## **19. EVENTS AFTER THE REPORTING PERIOD**

### **Vesting of share awards**

On 12 January the Company announced the vesting of 9,445 shares in the Company under the 2018 and 2019 deferred share scheme. The shares have been settled by purchasing the shares in the market at 78.0 pence.

## Settlement of RCF

On 24 January 2022, the Company paid ZAR404.6 million (capital plus interest) to settle the RCF. The RCF has not been terminated and remains available for drawdown.

## New First Lien Banking Facility on more favourable terms

On 2 February 2022, the Company announced that it had concluded a binding, credit approved term sheet for the refinancing of its first lien debt facility with its South African Lender Group, providing for more favourable terms than the Group's current first lien facilities. The conclusion of the new facility is subject to completion of appropriate definitive agreements, expected to be finalised during Q3 FY 2022.

A new Revolving Credit Facility ("RCF") with Absa Bank Limited (acting through its corporate and investment banking divisions) ("Absa") will replace the existing RCF and term lending arrangements with the current South African lender syndicate comprising Absa, Nedbank, RMB and Ninety One. The new terms include, *inter alia*:

- improved structure with a single ZAR1 billion RCF replacing the existing amortising term loan (ZAR856.1 million owed at 31 December 2021 net of unamortised transaction costs of ZAR20.2million) and the ZAR408.8 million RCF;
- more appropriate covenant package resulting in improved headroom and flexibility on the balance sheet;
- extended tenure for the RCF with a maturity date of December 2025 and a more usual bullet payment at maturity;
- and
- reduced financing costs with improved margin and commitment fees.

Details of the new terms compared with the previous terms:

	Previous terms	New terms
Facility	R408.8 million amortising RCF and R876.3 million gross term loan (as at 31 Dec 2021)	R1,000 million RCF 4 years (Dec-25), with a 60 day buffer between the redemption of the Notes and the maturity of the RCF
Duration	3 years (Mar-24)	
Lenders	Absa, Nedbank, RMB & Ninety One	Absa JIBAR + 415 bps, with the margin to be reconsidered annually based on Petra's credit metrics with a view of further optimising the margin to be achieved
Margin Commitment fee	JIBAR + 525 bps 210 bps per annum	125 bps per annum

## Covenants

	FY22 H2	FY23 H1	FY23 H2	FY24 H1	FY24 H2	FY25 H1	FY25 H2	FY26 H1
Net Debt : EBITDA Leverage ratio ( <i>maximum</i> )	4.00	4.00	3.50	3.50	3.25	3.25	3.00	3.00
Interest Cover Ratio ( <i>minimum</i> )	1.85	1.85	2.50	2.50	2.75	2.75	3.00	3.00

## Special General Meeting – Shareholder approval of Framework Agreement.

The Framework Agreement entered into between Petra, Williamson Diamonds Limited and the Government of Tanzania constituted a related party transaction for purposes of the UK Listing Rules and in order for it to become unconditionally effective and legally binding on Petra, approval of its shareholders at the SGM was required. On 9 February 2022, the Company received shareholder approval at its Special General Meeting. The Framework Agreement remains subject to a number of other conditions, including customary government approvals and the approval of the Petra South African lender group. Subject to the satisfaction of these conditions, the Framework Agreement is expected to become effective in the second half of FY 2022.

## RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

- a) the Condensed Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- b) the Interim Management Report includes a fair review of the information required by FCA's Disclosure and Transparency Rules (DTR 4.2.7 R and 4.2.8 R).

By order of the Board

**Richard Duffy**  
Chief Executive Officer  
21 February 2022

# **INDEPENDENT REVIEW REPORT ON THE UNAUDITED FINANCIAL STATEMENTS OF PETRA DIAMONDS LIMITED**

## **Conclusion**

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2021 which comprises Condensed Consolidated Income Statement, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Financial Position, Condensed Consolidated Statement of Cash Flows, Condensed Consolidated Statement of Changes in Equity and accompanying Notes to the Condensed Consolidated Interim Financial Statements.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 31 December 2021 is not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

## **Basis for conclusion**

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with UK adopted international accounting standards. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with UK adopted International Accounting Standard 34, "Interim Financial Reporting.

## **Conclusions relating to going concern**

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410, however future events or conditions may cause the Group to cease to continue as a going concern.

## **Responsibilities of directors**

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **Auditor's responsibilities for the review of the financial information**

In reviewing the half-yearly report, we are responsible for expressing to the Company a conclusion on the condensed set of financial statement in the half-yearly financial report. Our conclusion, including our Conclusions Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

## **Use of our report**

Our report has been prepared in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of our terms of engagement or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

## **BDO LLP**

*Chartered Accountants*

Location: London UK

21 February 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)