



PetraDiamonds

9 February 2021

LSE: PDL

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

**Update regarding allegations of human rights abuses
at the Williamson Mine in Tanzania**

Introduction

Petra Diamonds Limited today provides an update on the status of its work in relation to allegations of human rights abuses at the Williamson Mine in Tanzania, including information relating to incidents on the Mine in the three months since November 2020. This follows previous statements made on 9 September and on 12 November 2020; in the latter Petra advised that it would provide a further update to the market which this represents.

In May 2020 the UK-based law firm Leigh Day notified Petra and Williamson Diamonds Limited ("WDL", owned 75% by Petra and 25% by the Government of Tanzania), that it had issued claim forms in the High Court of England and Wales on behalf of 32 anonymous individuals in relation to alleged breaches of human rights at the Williamson Mine ("the Mine") over a number of years. In November 2020, the UK-based Non-Governmental Organisation RAID published a report also alleging similar human rights abuses relating to the security operations at the Mine by a third-party security contractor Zenith Security ("Zenith") and the local Tanzanian Police Force ("Tanzanian Police", or "Police"), during the same period.

Petra has since received reports of continuing incidents involving security operations at the Mine and as a result of this has carried out an investigation into recent security incidents at the Mine.

As stated previously, Petra takes all allegations extremely seriously; the Company has formed a sub-committee of the Board comprised entirely of independent Non-executive Directors to oversee the matters and has undertaken an investigation being carried out by a specialist external advisor in conjunction with the Company's lawyers. Petra is committed to providing feedback on its investigation by the end of March 2021; this provides an interim update on an investigation into incidents reported in the last three months.

Background and context

Beginning before the acquisition of Petra's 75% shareholding in WDL in 2009 and continuing throughout the last decade, there have been frequent organised incursions of groups of illegal diggers, sometimes in large numbers and who are believed to be sponsored by local dealers in illicit diamonds, onto the WDL Special Mining Licence area ("SML"), covering an area of 30.6 km². Although the vast majority of such incursions are resolved without any violence, there have also been incidences of confrontation and violence between illegal diggers who are often armed and the security patrol teams protecting the WDL property (and themselves).

Regrettably the encounters between the security patrols, performed by guards from Zenith and the Tanzanian Police, and the illegal diggers have resulted in injuries being suffered on all sides, and

damage to WDL, Zenith and Police vehicles and equipment. Tragically, some deaths of illegal diggers have also been reported and are being investigated by the specialist external advisor as part of the broader investigation.

Zenith has been WDL's security contractor since 2011 and will be replaced by a new security contractor following the completion of a tender process with effect from 1 March 2021. Zenith employees are expressly required to abide by the Voluntary Principles on Security and Human Rights ("VPSHR"); and training on the VPSHR is provided to Zenith guards by WDL.

Services provided by the Tanzanian Police are governed by a Memorandum of Understanding, finalised and updated in 2019, which commits the Tanzanian Police to act in accordance with the laws, rules and regulations of Tanzania, company security and safety policies and also the VPSHR. The Tanzanian Police are an arm of the Tanzanian government and act under its own direction and chain of command. This happens even when they are conducting operations in conjunction with Zenith. There are normally between 20 and 25 Tanzanian Police members deployed at the Mine by the Tanzanian Government.

Police equipment includes tear gas, stun grenades and firearms with live ammunition, and operates under Police and Government Rules of Engagement. These are only used by the Tanzanian Police in self-defence and to expel illegal diggers from the property. Zenith security guards are only authorised to use baton rounds (rubber bullet cartridges) in their shotguns and are subject to strict controls around the use of such weapons, which include a register of any rounds discharged. All firearms and ammunition on WDL premises are securely stored and are subject to routine checks and verification. No WDL security employees are permitted to carry or use any firearms.

In the three months from November 2020 through January 2021 there have been 79 recorded incursions onto the SML, involving approximately 1091 illegal diggers. In the majority of cases (60 of the 79 incidents), no force was used despite the illegal diggers becoming aggressive in 8 of those 60 incidents.

In 19 of these incidents, reasonable force was required to remove or disperse the illegal diggers from the SML or for the security patrol teams to defend themselves. Live ammunition was only discharged on one occasion during November 2020, when the Tanzanian Police fired one live warning round in the air to disperse a group of illegal diggers. The largest group of illegal diggers recorded in a single incident was approximately 150 and in all of the incidents where force was required, the diggers were aggressive and armed with slingshots and rocks.

In the 19 incidents where force was required, 9 members of the security patrol team were injured. No injuries of illegal diggers were reported, although it is of course possible that some of these diggers may have been injured in these engagements. It has been confirmed that no patients were received at WDL's Mwadui hospital with injuries consistent with those which might be sustained by illegal diggers during this period.

A total of 13 Tanzanian Police or Zenith vehicles were damaged over the three month period. Seventeen illegal diggers were arrested by the Tanzanian Police during this period.

Recent reports of ongoing incidents and findings of investigations carried out

PDL has received recent reports that claim that assaults or human rights violations were carried out between November 2020 and January 2021 by the security patrol teams comprising Zenith guards and the Tanzania Police, and that on two occasions a shotgun with live ammunition was discharged. The new accounts, like those received previously, are anonymised, and claim that the security patrol teams responded with disproportionate and unacceptable force, in breach of the VPSHR, to incursions onto the mine.

The reported new incidents have been investigated, by the specialist external advisor. The investigation included a review of all incident reports and logbooks (both WDL and Zenith logs), monthly Tanzanian Police reports, Zenith duty logs, records of illegal entries, arrests and injuries and Zenith firearm registers. In addition, WDL personnel, and Zenith security guards that were present on the security patrols involved in the incidents investigated, were interviewed. Four reported incidents were specifically investigated and are summarised below:

1. In the first reported incident, early in November 2020, it is alleged that an illegal digger was hit in the back by a large rock thrown by one of the Zenith security guards, while running away, that resulted in the dislocation of his shoulder, requiring hospital treatment.
 - The investigation of the incident established that a group of some 150 illegal diggers were chased from the pit by Zenith security guards and the Tanzanian police. On leaving the pit a group of around 100 illegal diggers armed with slingshots and rocks attacked the Tanzanian Police and Zenith security guards, who were significantly outnumbered (the patrol comprised 15 members in three vehicles). Several tear gas canisters and stun grenades were thrown by the Police to disperse the group. No injuries were reported but two Zenith patrol vehicles were damaged. There was no admission to the Mwadui hospital of anyone with injuries of this nature.
2. In the second reported incident, late in November, an illegal digger asserted that he was part of a group of diggers that was intercepted by Zenith security guards. He said that there were police and Zenith vehicles present and while trying to run away got hit on the head by a teargas canister that knocked him unconscious. He said that he was carried away by his colleagues and went to hospital for treatment.
 - a) On the night in question approximately 70 illegal diggers were involved in a confrontation with Zenith security guards and police. According to security reports, the illegal diggers attacked the lease patrol and the Tanzanian Police responded by throwing tear gas and stun grenades in self defence and to repel the diggers. Two patrol vehicles were damaged in the incident. Although one of the Zenith security guards reported seeing one of the diggers being hit by a canister, he stated that the digger ran away. No injuries were recorded in the incident reports and there was no admission to the Mwadui hospital of anyone with injuries of this nature.
3. In the third incident reported, also late in December, an illegal digger who was part of a larger group states that he was surrounded by 4 vehicles and was subsequently confronted by a Zenith security guard with a shotgun, while trying to run away. He says that he was shot at close range and needed to be hospitalized to receive treatment for reportedly serious facial injuries.
 - b) No confrontations with illegal diggers were reported by Zenith or WDL on the night in question, with no injuries reported and no shots fired. The firearm and rubber round registers maintained by Zenith also record that no baton rounds were fired on this night.
4. In the last reported incident that was stated to have occurred sometime in November 2020, an illegal digger who was part of a larger group stated that he encountered a group of Zenith security members and Tanzanian Police when trying to leave the mine. He said that after the group started running away that tear gas and shotgun pellets were fired at the group. He states that he was shot in the back of his arm, while running away and that multiple shots were fired.
 - c) According to the data reviewed, there is no record of baton rounds being fired by Zenith in November. According to the incident report filed, approximately 20 aggressive illegal diggers armed with slingshots surrounded the Zenith security team and started throwing stones at them from the slingshots. In order to rescue the Zenith team, the Tanzanian Police responded by throwing tear gas canisters, which failed to disperse the group, resulting in the Tanzanian Police

firing one live warning shot into the air, which resulted in the illegal diggers dispersing. Two Zenith security guards suffered injuries and the police patrol vehicle was damaged. No injuries to illegal diggers were recorded.

Actions taken to date

A number of steps have been taken since Petra and WDL became aware of the initial allegations, including:

- a) Appointment of a Petra Board sub-committee to oversee the investigation being carried out by a specialist external advisor in conjunction with the Company's lawyers. The Committee will consider the outcome of the investigation and the recommendations to address any findings. This may include any required remedy or corrective action to be taken as a result of the investigation's conclusions. Petra will provide further feedback on this investigation by the end of March 2021.
- b) Detailed training and refresher training in the VPSHR has been provided to all WDL line and senior management, WDL security team, Zenith security guards, night-watchmen, WDL employees working in the health, safety and environmental area and WDL employees working at the Mwadui medical facility. Refresher training was provided to Zenith guards most recently in December 2020. Members of the Tanzanian Police Force assisted as facilitators in some of the sessions.
- c) Implementation of a revised Tier 1 Operational-Level Grievance Mechanism ("OGM") and completion of the design of a Tier 2 OGM, specifically aimed at considering any incidents involving potential human rights violations and providing redress, where indicated. This Tier 2 OGM will be managed by an independent panel and is expected to be implemented during the third quarter of this year, following extensive and ongoing stakeholder engagement to ensure its support by the local communities. The Tier 2 OGM will operate according to the highest international standards and will comply with the requirements set out in the United Nations Guiding Principles on Business and Human Rights. It aims to resolve complaints following the full application of local legal requirements, including the provision of free and independent advice from local lawyers. PDL and WDL encourage any community members who have been subject to any human rights violations to utilise this OGM.
- d) Establishment of a new, more easily accessible community office and dedicated grievance desk at the main entrance to the Mine, as part of a wider community out-reach and stakeholder engagement plan.
- e) Deployment of a stakeholder engagement expert at WDL to provide support to the General Manager and other mine leadership in their engagement with the communities and other stakeholders.
- f) Suspension of the WDL Head of Security and Head of General Services pending the outcomes of the investigations.
- g) Launch of a new radio programme to facilitate open engagement with surrounding communities.
- h) Completion of the prescribed tender process for the provision of security services to WDL, resulting in the appointment of a new security contractor, effective 1 March 2021.
- i) Closure on 29 September 2020 of the on-site police facility where arrested illegal diggers were temporarily detained and which was never operated by WDL or Zenith.

- j) Upgrade of the WDL Mwadui medical facility and protocols to ensure the security of any illegal digger patients in police custody awaiting court appearance, of which there are none at present, nor have been in the last three months.

Conclusions and way forward

The incidents and information described here remain of great concern to the Board and management of PDL. As part of its operational responsibilities, WDL nevertheless has an obligation and right to protect its property from the illegal exploitation of its diamond resource, in the interests of all stakeholders. Individuals providing this protection (being the Tanzanian Police and third party security guards) are familiar with the VPSHR and what is required in discharging their duties. The investigation of the four new incidents described above do not indicate a breach of the VPSHR.

WDL has significantly stepped up its engagement with its local communities, specifically focused on securing support for the independent, Tier 2 OGM referred to above. The engagement also extends to looking at local economic development opportunities with a view to reducing illegal digger activity on the SML. One such initiative is an artisanal tailings project, where local community members will be able to exploit old tailings material at the Williamson Mine, in a formalized and controlled manner. A memorandum of understanding between WDL, the local artisanal mining group and local and regional government authorities has been drafted and is with government authorities.

The broader and comprehensive investigation into the previous allegations of human rights violations at the Williamson Mine, is nearing completion and PDL will provide feedback on this by the end of the quarter as previously advised.

For further information, please contact:

Petra Diamonds, London
Marianna Bowes

Telephone: +44 20 7494 8203
investorrelations@petradiamonds.com

About Petra Diamonds Limited

Petra Diamonds is a leading independent diamond mining group and a consistent supplier of gem quality rough diamonds to the international market. The Company has a diversified portfolio incorporating interests in three underground producing mines in South Africa (Finsch, Cullinan and Koffiefontein) and one open pit 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. 243 million carats, which supports the potential for long-life operations.

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

Petra is quoted with a premium listing on the Main Market of the London Stock Exchange under the ticker 'PDL'. The Company's US\$650 million loan notes due in 2022, currently subject to restructuring, are listed on the Global Exchange market of the Irish Stock Exchange. For more information, visit www.petradiamonds.com.