

Corporate Governance Statement

UK Corporate Governance Code compliance

Petra aims to maintain high standards of corporate governance throughout the Group. To that end, the Company looks to comply with all applicable governance regulations in the various jurisdictions in which it operates, as well as meeting best practice wherever possible.

Petra is not subject to a code of corporate governance in its country of incorporation, Bermuda; however, as a London Stock Exchange ("LSE") Main Market company with a premium listing and its tax domicile in the UK, Petra is required to comply with the UK Corporate Governance Code (April 2016) ("the Code") and to explain in this statement any areas of non-compliance with the Code.

The Company considers that there are only two areas in which it is not strictly in compliance with the Code, as set out below:

- ▶ The Company's Non-Executive Chairman, Adonis Pouroulis, is not defined as being independent according to corporate governance guidelines due to his having served as Chairman since the incorporation of the Company in 1997, having acted as Chief Executive Officer until 2005, having been granted options under the 2005 Executive Share Option Scheme and being eligible to receive benefits of membership from the Group's life insurance scheme. The Company's Independent Non-Executive Directors ("iNEDs") continue to be of the opinion that, whilst not considered to be independent for the reasons stated,

Mr Pouroulis demonstrates integrity in judgement, character and action. Furthermore, his contribution, leadership and accumulated experience and track record of building natural resource companies justify their recommendation that shareholders support his re-election to the Board at the Company's forthcoming Annual General Meeting.

- ▶ Remuneration of Non-Executive Directors ("NEDs") – as noted, Petra's Non-Executive Chairman, Mr Pouroulis, holds share options granted prior to the Company's step up from AIM to the Main Market of the LSE, representing a form of performance-related benefits. Whilst the Code states that NEDs should not receive performance-related remuneration, these are legacy arrangements and there have been no further share option or share incentive awards to the Non-Executive Chairman since 17 March 2010. Other than this exception, the Group has fully incorporated the principles of the Code when determining remuneration for NEDs (for further information, please review the Directors' Remuneration Report on pages 92 to 103).

Matters reserved for the Board

<ul style="list-style-type: none"> ▶ Vision and strategy ▶ Production and trading results ▶ Financial statements and reporting (supported by the Audit & Risk Committee) ▶ Financing strategy, including debt and other external financing sources ▶ Budgets, expansion projects, capital expenditure and business plans ▶ Material acquisitions and divestments ▶ Corporate governance, ethics and culture 	<ul style="list-style-type: none"> ▶ Risk management, internal controls and compliance, including consideration of the Viability Statement (supported by the Audit & Risk, Remuneration and HSSE Committees) ▶ Health, safety, social and environmental matters (supported by the HSSE Committee) ▶ Appointments and succession plans (supported by the Nomination Committee) ▶ Executive Director remuneration (supported by the Remuneration Committee)
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Board time in FY 2018

Category	Percentage
Strategy	21%
Corporate and finance	21%
Operations and projects	28%
Governance	19%
HSSE	11%

Board experience¹

5/7 MINING	1/7 GEOLOGY	5/7 CAPITAL MARKETS
6/7 FINANCE	3/7 AUDIT	6/7 AFRICA

1. Excluding Jim Davidson who retired on 30 June 2018.

The role of the Board

The Board is responsible for the long-term success of the Company. Petra's Board has the required balance of experience, skills and knowledge of the Company, as well as independence with regards to the iNEDs, to properly discharge its responsibilities and duties.

In order to fulfil its role, the Board:

- ▶ sets the Company's strategic aims, ensures that the necessary resources are in place for the Company to meet its objectives, and reviews management performance in achieving such objectives;
- ▶ provides leadership of the Company within a framework of effective systems and controls, which enable risk to be assessed and managed;
- ▶ develops the collective vision of the Company's purpose, culture and values and the behaviour it wishes to promote in conducting business and ensures that its obligations to its shareholders and others are understood and met; and
- ▶ carries out all duties with due regard for the sustainability and long-term success of the Company.

The role of the Chairman

Mr Pouroulis:

- ▶ leads the Board and is primarily responsible for the effective working of the Board;
- ▶ in consultation with the Board, ensures good corporate governance and sets clear expectations with regards to Company culture, values and behaviour;
- ▶ sets the Board's agenda and ensures that all Directors are encouraged to participate fully in the activities and decision-making process of the Board;
- ▶ engages with shareholders and other governance-related stakeholders, as required;
- ▶ meets with the Senior Independent Director and with the iNEDs without the Executive team present, in order to encourage open discussions and to assess the Executive team's performance;
- ▶ identifies induction and development needs of the Board and its Committees; and
- ▶ chairs the Nomination Committee and thereby plays an important part in assessing and advising on the appropriate composition of the Board and its skill-set.

The role of the Chief Executive

Mr Dippenaar:

- ▶ is primarily responsible for developing Petra's strategy in consultation with the Board, for its implementation and for the operational management of the business;
- ▶ leads and provides strategic direction to the Company's management team;
- ▶ runs the Company on a day-to-day basis;
- ▶ implements the decisions of the Board and its Committees, with the support of his fellow Executive Director and top-level Senior Management;
- ▶ monitors, reviews and manages key risks;
- ▶ ensures that the assets of the Group are adequately safeguarded and maintained;
- ▶ is the Company's primary spokesperson, communicating with external audiences, such as investors, analysts and the media;
- ▶ leads by example in establishing a performance-orientated, inclusive and socially responsible Company culture; and
- ▶ chairs the HSSE Committee and thereby has direct involvement in the strategic management of Petra's HSSE issues, including labour relations.

The role of the Senior Independent Director

Mr Lowrie:

- ▶ provides a sounding board for the Chairman and serves as an intermediary for the other Directors as necessary;
- ▶ is available to shareholders if they have concerns which contact through the normal channels has failed to resolve or for which such contact is inappropriate;
- ▶ leads the iNEDs in undertaking the evaluation of the Chairman's performance appraisal;
- ▶ provides valuable input with regards to Petra's investor relations strategy, in line with his extensive capital markets experience; and
- ▶ is a member of Petra's Audit & Risk, Remuneration and Nomination Committees, thereby bringing his skill-set and independent judgement to the benefit of these Committees.

The role of the iNEDs

Dr Bartlett, Mr Hamilton, Mr Lowrie and Ms Matloa:

- ▶ challenge the opinions of the Executive Directors, provide fresh insight in terms of strategic direction, and bring their diverse experience and expertise to the benefit of the leadership of the Group;
- ▶ assess the performance of the Chairman;
- ▶ scrutinise the performance of the Executive Directors in terms of meeting agreed goals and objectives;
- ▶ ensure that the financial information, controls and systems of risk management within the Group are robust and appropriate;
- ▶ determine the appropriate levels of remuneration of the Executive Directors; and
- ▶ Dr Bartlett, Mr Hamilton and Mr Lowrie are members of Petra's Audit & Risk, Remuneration and Nomination Committees (and Chairman of the Audit & Risk and Remuneration Committees in the case of Mr Hamilton), thereby bringing their skill-set and independent judgement to the benefit of these Committees. Ms Matloa is a member of Petra's Audit & Risk Committee, bringing her specific financial experience to the benefit of this Committee.

Corporate Governance Statement continued

How our Board operates

Board and Committee meetings

In terms of formal Board meetings, the full Board meets in person at least four times a year and speaks monthly via conference call in order to discuss operational matters and ongoing performance against the Group's development and production plans, including internal budgets and external guidance to the market. There is frequent communication between Board members outside of the set meeting dates, in order to stay abreast of business developments.

The formal Board and Committee meeting dates are scheduled to address key events in the corporate calendar (see page 70 for further information). There is a standing list of agenda items for discussion at every meeting, with extra time factored in for additional matters. The agenda is agreed with the Chairman (or with the Chairman of the relevant Committee) and a timeframe set in advance for the various items, thereby ensuring that the full agenda can be covered in the time allotted.

Petra's Board and Committee meetings are generally spaced out over two days, allowing for considerable interaction between members, both inside and outside of the formal meetings. However, post Year end it was decided to increase

the time allocated to Board meetings in order to address the size of the business and the requirements of the ever evolving governance landscape. Dinners and other social engagements are also attended by members outside of the meeting times to allow for more informal discussion of issues; this assists in clarification and engagement, meaning that consensus during the meeting is more easily attained.

Packs for the meetings are prepared by management following input on the agendas formulated by the respective Chairmen, and circulated electronically prior to the meeting, thereby allowing the Directors adequate time to consider the variety of issues to be presented and debated. In the minutes of the meetings, issues identified for follow-up are set out, ensuring that unresolved matters raised by the Directors are actioned and reported back in a timely manner.

In addition to formal Board and Committee meetings, the Chairman holds frequent meetings with the iNEDs during the Year, enabling free discussions without the Executive Directors present. These meetings also allow the Chairman to update the iNEDs on the various activities of the Group where necessary before a formal Board meeting, in particular when the Executive Directors are reviewing matters of strategy, the budgetary process and other corporate activities.

FY 2018 Board calendar

	Board meetings 6 held	Audit & Risk Committee 5 held	Remuneration Committee 5 held	Nomination Committee 4 held	HSSE Committee 4 held	Annual General Meeting 1 held
Adonis Pouroulis	6	n/a	n/a	4	n/a	1
Johan Dippenaar	6	n/a	n/a	n/a	3	1
Jim Davidson	6	n/a	n/a	n/a	n/a	1
Jacques Breytenbach ¹	3 ¹	n/a	n/a	n/a	n/a	n/a
Tony Lowrie	6	4	5	3	n/a	1
Gordon Hamilton	6	5	5	4	n/a	1
Pat Bartlett	6	5	5	4	3	1
Octavia Matloa	6	5	n/a	n/a	n/a	1

Date of meetings held

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Board meetings	1		1		1			1			2	
iNEDs and Chairman	1		1		1			1			1	
Audit & Risk Committee	1		1		1			1			1	
Remuneration Committee	1		1		1			1			1	
Nomination Committee			1		1			1			1	
HSSE Committee		1					1			1		1
Annual General Meeting					1							
Chairman and Senior iNED	1	1	1	1	1	1	1	1	1	1	1	1
Board evaluation ²												

1. Appointment date was February 2018.

2. Completed shortly after Year end.

Site visits

Visiting Petra's operations in person and interacting with Senior Management is very important for all Board members. Annual site visits are therefore arranged for the NEDs to ensure that, in addition to papers presented at Board meetings, they continue to stay informed of development and progress at the operations, as well as allowing for interaction with employees at a range of levels throughout the business and assisting with the ongoing evaluation of Company culture.

The Executive Directors visit the operations on a regular basis as part of their day-to-day business. The following site visits were conducted by the NEDs in FY 2018:

- ▶ August 2017: Gordon Hamilton and Pat Bartlett visited Finsch, Cullinan and Koffiefontein;
- ▶ October 2017: site visit to all South African operations, attended by Tony Lowrie, Gordon Hamilton, Pat Bartlett and Octavia Matloa;
- ▶ February 2018: Adonis Pouroulis and Gordon Hamilton joined the investor and analyst site visit to Finsch; and
- ▶ Gordon Hamilton and Pat Bartlett visited Finsch, Cullinan and Koffiefontein after Year end in August 2018.

Senior mine management presented to the Board members at each site visit and the tours arranged in February 2018 afforded the opportunity for Directors to engage with investors and analysts. A full Board site visit was scheduled for May 2018 but was postponed due to the high level of activity surrounding the Rights Issue process.

Meetings are also arranged for the NEDs at the Company's Johannesburg and London offices on an ad hoc basis with members of the corporate team and other management-level employees. These informal meetings help to keep the NEDs up to date with the various important functions of the business, including finance, operations, investor relations, internal audit, legal and diamond sales and marketing.

Why our Board is effective

Director commitment

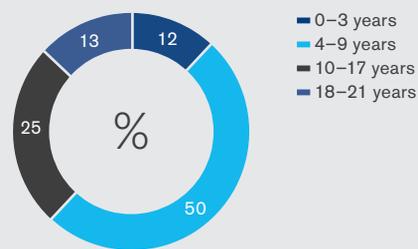
The Directors' biographies and duties can be found on pages 60 and 61 and there have been no changes to their respective duties during the Year, with the exception of Jacques Breytenbach, who was promoted from Chief Financial Officer to Finance Director of the Board on 19 February 2018.

The Board believes that each of the Directors is able to allocate sufficient time to the Company to fulfil their obligations, as confirmed by the internal Board evaluation carried out in July 2018.

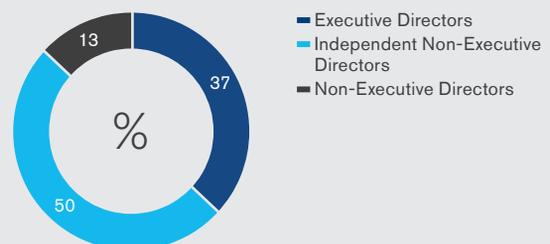
Executive Directors may, subject to Board consent, accept external appointments to act as Non-Executive Directors of other companies. However, the Board would reserve the right to review such appointments to ensure no conflict of interest and that the time spent on fulfilling such obligations would not affect the respective Director's contribution to Petra. Any fees for such appointments would normally be retained by the Director concerned. Currently, none of the Executive Directors have any external appointments which affect their contribution to Petra.

The Chairman and iNEDs are required to inform the Board of any proposed new directorships and a similar review process would be undertaken to ensure they can adequately fulfil their obligations as Directors of the Company. During the Year, there were no significant changes to the Chairman or iNEDs' external commitments and they are considered to have sufficient time to fulfil their duties.

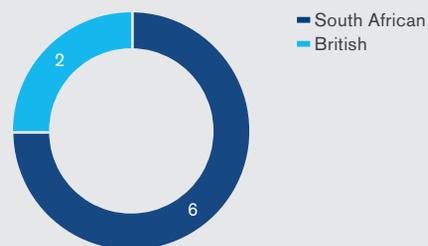
Tenure of Directors



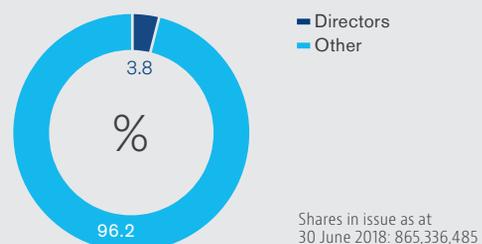
Board composition



Directors' nationality



Percentage of Petra shares held



The above charts include Jim Davidson, who served as an Executive Director in FY 2018 before retiring on 30 June 2018.

Corporate Governance Statement continued

Why our Board is effective continued

Assessment of Director independence

As previously noted, Mr Pouroulis is not defined as being independent according to corporate governance guidelines; however, the iNEDs continued to be of the opinion that Mr Pouroulis demonstrates integrity and independence in judgement, character and action, thereby justifying their recommendation that shareholders support his re-election to the Board at the Company's forthcoming Annual General Meeting.

In accordance with the Code, the Board considers Mr Hamilton, Mr Lowrie, Dr Bartlett and Ms Matloa to be independent and all four iNEDs are independent of any relationship listed in the provisions of the Code. None of the iNEDs received any fees from the Company in FY 2018 other than their contractual iNED fees, as set out on page 99 of the Directors' Remuneration Report.

Conflicts of interest

Whilst conflicts should be avoided, the Board acknowledges that instances arise where this is not always possible. In such circumstances, Directors are required to notify the Chairman before the conflict arises and the details are recorded in the minutes. If a Director notifies the Board of such an interest, they may be, if requested by the Chairman, excluded from any related discussion and will always be excluded from any formal decision. This was only required in one instance in FY 2018 in which Ms Matloa recused herself from any discussions pertaining to the audit tender award process, as she had a five-year contract with a specific participant in this process.

Director information, training and development needs

Detailed knowledge of the specialist world of diamonds, the global mining industry, international capital markets, UK/LSE legislation, Sub-Saharan Africa (particularly South Africa) and Petra's unique business and operations is crucial to the Board's ability to effectively lead the Company.

Petra has an induction programme designed to bring new Directors up to speed as quickly as practicable, following their appointment to the Board. Such an induction would typically

involve meetings with the Board and various members of Senior Management, an information pack of all necessary corporate documents, including the Company's latest Annual and Sustainability Reports, the Bye-Laws, Committee Terms of Reference and other key Group policies, such as the Group Code of Ethical Conduct and the Anti-Bribery Policy, enabling them to familiarise themselves with the Group, its procedures and current activities. A site visit to one or more of the Group's key operations is held as soon as possible, to provide the new Director with further information on the operations, including production/expansion plans and key ESG considerations.

In order to ensure that existing Board members retain the relevant and up-to-date knowledge and skill-set to properly discharge their duties, ongoing training and other professional development opportunities are provided by the Company and/or the Directors attend external courses and conferences on their own professional behalf. Training is arranged as appropriate to suit each Director's individual needs and covers topics such as industry developments, governance, technical subjects related to diamond mining, communication strategies and ESG matters. The Chairman reviews and agrees with each Director their training and development needs.

In FY 2018, Petra organised training sessions for the Board on the impact of MiFID II, sustainability reporting and the rise of ESG as an investment theme, and an update on directors duties and responsibilities for companies with a premium listing on the London Stock Exchange. The Directors also received in-depth technical presentations and training when carrying out site visits during the Year.

The Company's Corporate Communications team acts as a conduit of regular information to the Board and Senior Management, providing daily briefings by email on relevant topics, such as key diamond industry trends, peer group developments, regulatory updates, socio-economic information about Petra's countries of operation, as well as internal Company news.

The Board has access to the advice and services of the Company Secretarial function as required.

Members of Petra's Board visited Finsch in October 2017



Board strategy and performance

The Company's strategy is to further develop its stature as a leading independent diamond miner with a focus on increasing diamond production, delivering key expansion projects, driving efficiencies and maintaining high ethical standards. The Board's objectives in order to assist the Company in the furtherance of its strategy are set out below.

OBJECTIVES FOR FY 2018	PROGRESS IN FY 2018	OBJECTIVES FOR FY 2019
<h3>Strategy and operations</h3>		
<ul style="list-style-type: none"> ▶ Safety of all Petra people is paramount to the Company and therefore turning around the fatalities trend in FY 2017 is the Board's number one operational priority. ▶ Hold an off-site day in FY 2018 solely dedicated to strategy. ▶ Continue to review and monitor the Group's production results and delivery against the approved expansion and development plans, with continued focus on carat production, revenue, earnings, cashflow generation and appropriate treasury and balance sheet oversight. ▶ Particular focus on setting achievable production guidance. ▶ Assessment and ongoing focus on effective market communications. ▶ Continue to assess opportunities to maximise value and cashflow opportunities from the Group's substantial resource base. Strategic focus on value production as opposed to volume and on re-setting the cost base. ▶ Further consideration of an appropriate longer-term capital allocation strategy and dividend policy for the Group. ▶ A governance roadshow led by the Chairman and the Senior Independent Director in November 2017. ▶ Ongoing consideration of Company culture and how this is vital to the delivery of Petra's strategy. 	<ul style="list-style-type: none"> ▶ Safety became the first operational item discussed at every Board meeting and received significant attention throughout the Year. iNED Pat Bartlett joined the HSSE Committee in order to have oversight of progress on the ground. ▶ The strategy day scheduled for May 2018 was postponed to post Year end due to the high level of corporate activity surrounding the Rights Issue. This is a priority for FY 2019. ▶ The Company's production performance in accordance with its guidance to reach 4.6–4.7 Mcts (including KEM JV) was monitored closely throughout the Year, as well as its financial performance, leverage and covenant ratios, as influenced by the operational results, diamond prices and foreign exchange movements. ▶ The Board approved the Rights Issue to raise net proceeds of circa US\$170 million in order to accelerate the deleveraging of the business and to mitigate short-term risk; the Board set a medium-term target to reach 2x or less consolidated net debt/consolidated EBITDA by the end of FY 2020 – see page 30. ▶ Shortly before Year end, the Board approved a process to negotiate the proposed sale of KEM JV. ▶ Post Year end, the Board approved the Heads of Agreement for the proposed disposal of the Group's interest in the KEM JV operation – see page 42. ▶ The governance roadshow took place – see page 70. ▶ Petra's culture was discussed, taking into account employee feedback – see page 58. 	<ul style="list-style-type: none"> ▶ Safety of all Petra people will continue to be the Company's top priority and will remain closely monitored by the Board and the HSSE Committee, as Petra strives to reach its objective of a zero harm workplace. ▶ Strategic focus on value over volume, requiring continued evaluation of driving operational efficiencies and optimisation across the portfolio in order to reset the cost base and maximise profitability. ▶ Annual strategy day to become regular fixture in Board calendar. ▶ Increased reporting to the Board on progress on strategic priorities within the business. ▶ Further consideration of an appropriate longer-term capital allocation strategy and dividend policy for the Group, while closely monitoring the Company's progress with regards to meeting its medium-term leverage target. ▶ Review the asset portfolio of the business with a view to maximising return on capital to ensure that all assets are in a position to contribute positive cashflow to the business. ▶ Continue to improve the mechanisms by which the Board receives feedback from the Company's broad range of stakeholders. ▶ Ongoing consideration of Company purpose, culture and reputation, and how these are vital to the delivery of Petra's strategy and to upholding consumer confidence in diamonds.

Board composition

<ul style="list-style-type: none"> ▶ Continue to consider Board and Committee composition, taking into account the Company's ongoing transition from an expansion phase to a production focus and with an emphasis on diversity. 	<ul style="list-style-type: none"> ▶ The Company is focused on a Succession Plan with a three-year horizon. ▶ FY 2018 represented year one and a number of Board and Senior Management changes took place, including the retirement of Jim Davidson as Technical Director, the appointment of Jacques Breytenbach to the Board as Finance Director and the promotion of Luctor Roode to Chief Operating Officer. 	<ul style="list-style-type: none"> ▶ The Board and Nomination Committee are looking to make additional changes in FY 2019 in order to ensure it has the right mix of expertise and skills within its Board, Committee and Senior Management structures. Improving diversity at the top levels of the business will be an integral part of this. ▶ Further strategic consideration of the Company's three-year Succession Plan. ▶ Establishment of Social, Ethics & Diversity Committee.
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Corporate Governance Statement continued

Board strategy and performance continued

OBJECTIVES FOR FY 2018

PROGRESS IN FY 2018

OBJECTIVES FOR FY 2019

Risk management

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| <ul style="list-style-type: none"> ▶ Ensure that the annual Internal Audit Plan addresses the key business risk areas that can be mitigated by Internal Audit reviews. This will be backed up by Internal Audit continuing to consider other parts of the business where the ongoing review of the systems of internal controls and internal financial controls is relevant to superior Group risk management. ▶ Continue to consider the key risks that are relevant to the Petra Group, ensuring the possible effect of such risks and plans for the mitigation thereof are fully understood and continually actioned by the Board and Senior Management. ▶ Arrange at least one annual visit for the full Board to the Group's operations. | <ul style="list-style-type: none"> ▶ The Audit & Risk Committee Chairman and the Group Internal Audit Manager reported to the Board on the work of the Internal Audit function, including the approval of the Internal Audit Plans for FY 2018 and FY 2019 and the ongoing compilation of the integrated Group Risk Register. ▶ Towards the end of FY 2018 Senior Management undertook an updated full risk review of the business, not only considering risk previously identified but also including working sessions to identify and report on any risks not previously recorded in the Group's risk reporting processes to the Board. The results of this updated Group Risk Review were presented to the Audit & Risk Committee in July 2018. ▶ It was not possible to arrange a full Board site visit at one time in FY 2018; however, certain NEDs carried out various visits to Petra's South African operations during the Year, hosted by various Senior Management. The Executive Directors visit the operations on a regular basis, and the NEDs also made time for other site visits on an ad hoc basis throughout the financial year. | <ul style="list-style-type: none"> ▶ Ensure that the annual Internal Audit Plan addresses the key business risk areas that can be mitigated by Internal Audit reviews. This will be backed up by Internal Audit continuing to consider other parts of the business where the ongoing review of the systems of internal controls and internal financial controls is relevant to superior Group risk management. ▶ Continue to consider the key risks that are relevant to the Petra Group, ensuring the possible effect of such risks and plans for the mitigation thereof is fully understood and continually actioned by the Board and Senior Management. ▶ Arrange at least one annual visit for the full Board to the Group's operations. ▶ An annual review of the Group's risk register. |
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Board process

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| <ul style="list-style-type: none"> ▶ In addition to the four formal meetings in person per annum, the Board will hold group calls on a monthly basis in order to track progress of production and the remaining key deliverables of the Group's expansion programmes. ▶ A more formalised recording and tracking of Board objectives at regular periods throughout the year. ▶ Hold an internal Board evaluation process in FY 2018. ▶ Continue to assess the Directors' training needs and to provide relevant training opportunities to the Directors in order to ensure that all Board members stay abreast of relevant developments. ▶ Continued refinement of Board papers to improve communication of key issues. | <ul style="list-style-type: none"> ▶ The Board increased the frequency of its operational update meetings to monthly (handled via conference call) in order to ensure in-depth understanding of Petra's performance in accordance with its plans throughout the Year. ▶ Board objectives are now included as a standing item in all board packs. ▶ The internal Board evaluation took place in July 2018 – see page 69. Specific outcomes have been included as part of the objectives for FY 2019. ▶ The Directors were provided with opportunities to attend relevant external and internal training sessions throughout the Year – see page 66. ▶ Both frequency and content of Board papers were considered to be improved during the Year. | <ul style="list-style-type: none"> ▶ The Board will continue to hold monthly update meetings in order to regularly monitor delivery against development and production plans. ▶ More time will be allocated for Board and Committee meetings, bearing in mind the size of the business and the ever evolving governance landscape. ▶ Hold an internal Board evaluation process in FY 2019. ▶ Continue to assess the Directors' training needs and to provide relevant training opportunities to the Directors in order to ensure that all Board members stay abreast of relevant developments. ▶ Continued refinement of Board papers to ensure optimal communication. |
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IR strategy

Investor relations is an essential aspect of the Company's corporate communications strategy. The aim of Petra's IR programme is to ensure that the Company's business model, strategy and future prospects are clearly understood by the investment community both in the UK and internationally.

The Company achieves this by operating with a high level of transparency with regards to its historical, current and future operations, by providing consistent information and messages across a number of communication channels and by using clear language that aims to explain the investment story and ensure that it is easy to understand for a wide range of audiences.

Petra continues to support an open and transparent dialogue with shareholders, thereby ensuring that shareholders' needs and objectives and their views on the Company's performance are understood, as well as demonstrating the high emphasis placed on engagement and shareholder value by the Board.

The Group's corporate website, www.petradiamonds.com, aims to provide investors with the required information to potentially make an investment decision; however, the Company also provides a wide range of information to assist other stakeholders and makes available Petra's Annual and Sustainability Reports via this medium. The website is regularly reviewed and updated with new information.

Recognising the growing importance of social media both in terms of news dissemination and in terms of providing an alternative communications channel to stakeholders, Petra continues to develop its presence through its LinkedIn and Twitter channels. The Company also launched on Facebook and Instagram during the Year, but these channels are focused primarily on employee, local community and consumer audiences.

IR activity

Petra has a dedicated in-house Corporate Communications team based in London to ensure that any investor query or concern is responded to and dealt with efficiently and in a timely manner. Petra's Corporate Communications team regularly provides feedback to management as well as all members of the Board on shareholder and analyst communication, and ensures that analyst research notes are circulated as received. A monthly IR report covering Petra trading in relation to its peers, an overview of IR activity and investor feedback, analyst forecasts, share register movements and bond performance is distributed monthly to the Board and a quarterly IR presentation is included for review at Board meetings.

As part of Petra's proactive investor relations approach, the CEO, Finance Director, Corporate Communications team and Business Analyst (based in Johannesburg) commit time to hold regular formal and informal meetings in person and via the telephone with the Company's shareholders and potential investors, in addition to twice yearly roadshows, which coincide with the publication of Petra's interim and annual results. The Company also hosts results webcasts at least twice a year, which are broadcast live on the Company's website to ensure that all shareholders can participate in the presentation, regardless of their location, and are available to access thereafter at www.petradiamonds.com/investors/financial-events-calendar. Furthermore, regular meetings are arranged with sell-side analysts and broker sales teams.

In addition, the Chairman is available to meet with shareholders as required and the iNEDs, both as part of the induction process and subsequently, are also provided with opportunities to meet with shareholders throughout the year. Petra's Senior Independent Director is available to shareholders to address concerns that contact with the Chairman, CEO or Finance Director failed to resolve, or for which such contact was inappropriate.

As part of the Company's commitment to ensuring effective shareholder communications, the Chairman and Senior Independent Director carry out a governance roadshow every two years, and the latest was held in November 2017 – read more on page 70.

Petra hosts one formal investor/analyst site visit per year, with additional smaller ad hoc visits arranged as required or requested. Such visits are considered an essential part of the Company's IR programme as seeing one of the operations in person is the best way for an investor/analyst to understand the scope and scale of Petra's assets, as well as the depth of operational management on site and the passion of Petra's people.

FY 2018 shareholder engagement

During FY 2018, the Company's CEO and IR team held 165 investor meetings, thereby engaging with over 200 people (FY 2017: over 260 meetings held). The team met with all of the active managers within the Group's top 20 shareholders at least once during the Year. There was a decline in investor meetings held mainly due to marketing restrictions in place at the time of the Rights Issue process which prevented the Company from attending various industry conferences.

The main recurring themes and issues raised by shareholders during the Year centred on:

- ▶ Petra's expansion programmes at Finsch and Cullinan and associated execution risks (read more on pages 36 to 39);
- ▶ progress made at the new Cullinan plant and the impact on value versus volume recoveries (read more on pages 38 and 39);
- ▶ the make-up of the Company's portfolio, including scrutiny of the smaller assets and their contribution (read more on pages 9 to 11);
- ▶ the volatility of the ZAR:USD exchange rate and the impact on Petra's financial position (read more on pages 28 to 31);
- ▶ Petra's balance sheet and leverage levels, and the Company's ability to meet its debt facility covenant measurements (read more on pages 28 to 31);
- ▶ the blocked Williamson parcel and the operating outlook in Tanzania (read more on pages 9 to 11);
- ▶ the rationale for the Rights Issue and the quantum raised (read more on page 30);
- ▶ the state of the diamond market and expectations with regards to diamond pricing (read more on pages 17 to 21);
- ▶ synthetic 'man-made' diamonds and how these affect the market for natural diamonds (read more on page 17); and
- ▶ the political situation and legislative updates in South Africa and Tanzania (read more on page 48).

In addition to these meetings, Petra arranged a formal investor and analyst site visit to Finsch and Cullinan in February 2018, affording participants the opportunity to engage with Petra's Executive Directors and relevant members of the Company's Senior Management and mine management teams. Ad hoc site visits were also arranged for investors and analysts at numerous other times during the Year.

Evaluation of the Board's performance

An internal Board evaluation was carried out, in which each Board member was given the opportunity to provide input by means of a questionnaire covering the following topics:

- ▶ objectives, strategy and remit;
- ▶ performance measurement;
- ▶ risk management;
- ▶ Audit & Risk Committee, internal audit and corporate reporting;
- ▶ Board composition and process; and
- ▶ individual performance.

The results were collated, analysed and discussed at the Board meeting in July 2018. As a result of this evaluation process, it was concluded that, whilst the Board remains effective and appropriate to the size of the business, it could be further strengthened by the addition of technical

and governance skills, taking diversity into account in the selection process of any new members.

Areas for improvement and outcomes of the evaluation process included the following:

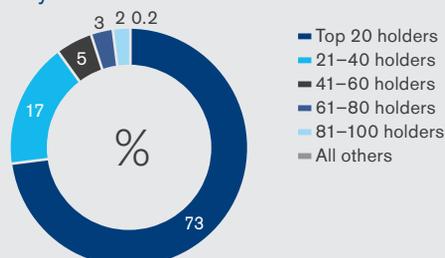
- ▶ an off-site strategy session to be held on a regular basis;
- ▶ increased reporting to the Board on progress on strategic priorities within the business;
- ▶ the annual review of the risk register should become standard practice;
- ▶ Board composition and succession should remain an item for discussion at quarterly meetings; and
- ▶ more time will be allocated for Board and Committee meetings, bearing in mind the size of the business and the ever evolving governance landscape.

Corporate Governance Statement continued

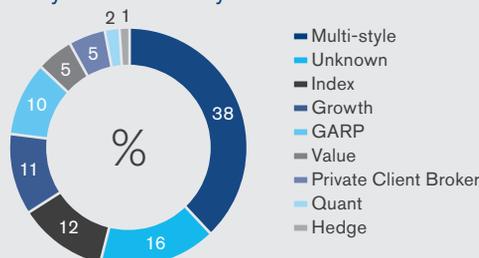
Shareholder communication

Shareholder breakdown as at 30 June 2018¹

Analysis of investor concentration



Analysis of investor style



¹ Percentages may not total 100 due to rounding.

Investor relations (“IR”) calendar for FY 2018

July	FY 2017 Trading Update and FY 2018 Guidance	
September	FY 2017 Prelim Results	
	Investor roadshow in UK and North America	
October	Annual Report published	
	Sustainability Report published	
	Q1 FY 2018 Trading Update	
November	Governance roadshow	
	AGM	
January	H1 FY 2018 Trading Update	
February	Investor/analyst site visits to Cullinan and Finsch	
	H1 FY 2018 Interim Results	
	Investor roadshow in UK and North America	
	Participation in industry investor conferences in South Africa and North America	
March	Participation in industry investor conferences in South Africa and UK	
April	Q3 FY 2018 Trading Update	
May	Rights Issue roadshow in UK and North America	

- Investor/analyst presentation and webcast**
- Investor/analyst conference call**
- Investor one-on-one meetings**
- Conferences**
- Site visit**
- Report publication**

Petra’s FY 2018 Governance Roadshow

In November 2017, Petra’s Chairman, Mr Pouroulis, and Senior Independent Director (“SID”), Mr Lowrie, carried out a governance roadshow with the assistance of the Corporate Communications Manager. Meetings were offered to Petra’s top ten active shareholders and were generally arranged with a combination of the relevant portfolio manager and governance contacts at each firm.

The governance roadshow allows for direct access to the Chairman and SID and is considered an important way for Petra to gauge which environmental, social and governance (“ESG”) topics are of material importance to its major shareholders.

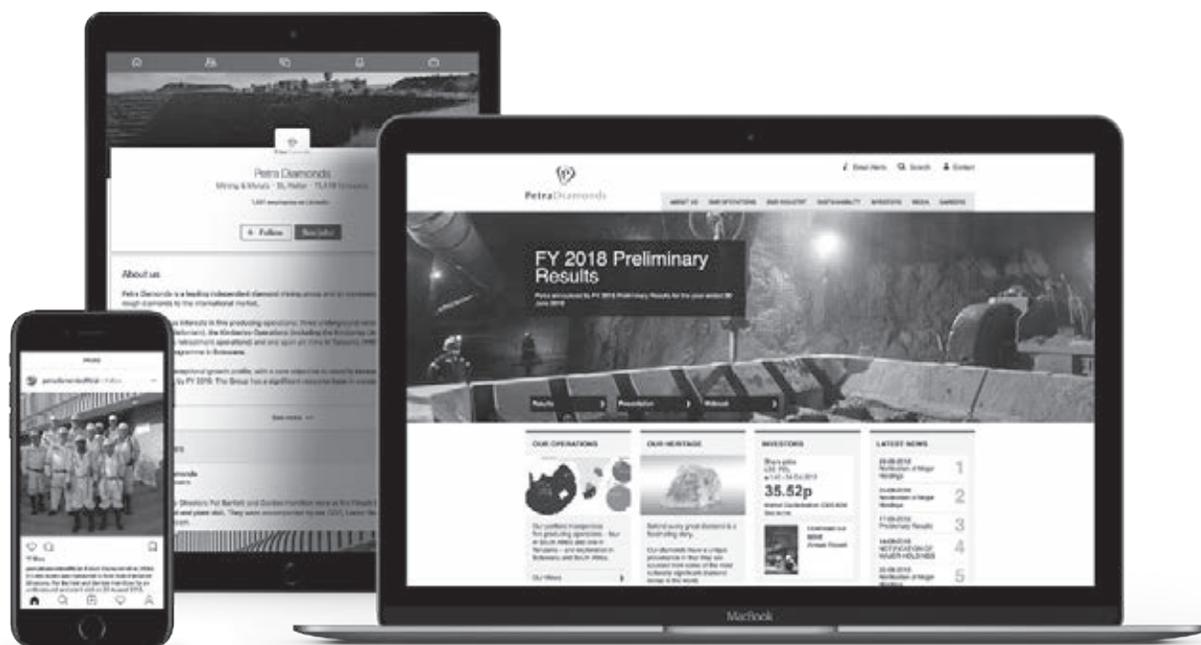
Further to the mixed performance by the Company over recent years, frank discussions were held with regards to the strengths and weaknesses of the business. A summary report of the feedback was subsequently provided to the full Board and this was considered as part of the ongoing thinking around the strategic development of the Company.

While holding a formal governance roadshow should be a biennial event for Petra, Mr Pouroulis and Mr Lowrie continue

to engage with the Company’s shareholders on an ad hoc basis as required.

Summary of main investor feedback is below:

- ▶ Group performance and risk management – discussion of the Directors’ assessment of the issues that had impaired Company results and whether these could have been handled differently.
- ▶ Leadership and succession planning – plans around the evolution of Petra’s Board and top Senior Management in order to best position the Company going forward.
- ▶ Safety – progression of Petra’s safety turnaround plan further to the fatalities in FY 2017.
- ▶ Labour relations – background to the disruptions experienced in September 2017.
- ▶ Reporting – Petra was recognised as producing Annual and Sustainability Reports to a good standard for a company of its size, with a high level of disclosure.



Petra Diamonds

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Reporting

Petra's objective with regards to external reporting (via its Annual Report and Sustainability Report, supported by its website) is to provide a high level of transparency, in order to set out a clear picture of the Group's past performance

and its potential future prospects. To this end Petra has aimed to provide a high level of disclosure, particularly across the area of sustainability, having produced detailed standalone Sustainability Reports for the last nine years.

Annual General Meeting ("AGM")

Shareholders are encouraged to participate at the AGM, ensuring that there is a high level of accountability and identification with the Group's strategy and goals. The full Board was present at the AGM in November 2017, with the Committee Chairmen available to answer any questions relevant to their activities.

A summary of the proxy voting for the AGM was made available via the London Stock Exchange and on the corporate website as soon as reasonably practicable on the same day as the meeting.

Results of our FY 2017 AGM

		Total votes as a % of votes cast	Total votes against as a % of votes cast	Votes withheld as a % of total shares with voting rights	Total number of votes withheld
1	Statutory accounts	100	0.00	0.00	
2	Directors' Annual Remuneration Report	99.88	0.12	2.53	9,779,383
3	Approve Directors' remuneration policy	99.96	0.04	2.53	9,779,383
4	Re-appointment of auditors	100	0.00	0.00	
5	Approval to fix auditors' remuneration	99.92	0.08	0.00	
6-12	Re-appointment of Directors	80.61 to 99.94	0.06 to 19.39	0.00 to 0.02	1,140,160
13	Authority to allot relevant securities	100	0.00	0.00	
13	Disapplication of pre-emption rights	100	0.00	0.00	