



13 November 2012

LSE: PDL

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

Interim Management Statement and Q1 FY 2013 Production and Sales Report

Petra Diamonds Limited announces its Interim Management Statement ("IMS") for the period from 1 July 2012 to 12 November 2012 ("the Period"), covering production and sales from 1 July 2012 to 30 September 2012 ("Q1 FY 2013").

HIGHLIGHTS

- Production for Q1 FY 2013 up 70% to 654,690 carats (Q1 FY 2012: 384,543 carats).
- Revenue for Q1 FY 2013 up 188% to US\$51.1 million (318,700 carats) (Q1 FY 2012: US\$17.7 million; 109,798 carats); only one tender was held during Q1 FY2013 due to timing of industry holidays.
- The second tender of FY 2013 closed in early October 2012 and achieved sales of US\$45.8 million (326,261 carats); overall prices per carat year to date ("YTD") continue to be in line with Petra's FY 2013 guidance.
- Petra has entered into agreements with a syndicate of banks with regards to new Group debt facilities of ca. US\$244 million; an increase and reorganisation of Petra's existing debt structures, providing greater assurance and flexibility with regards to the Group's project expansion plans.

Production and Sales – Summary

	Unit	Q1 FY 2013	Q1 FY 2012	Variance	FY 2012 (full year)
Production					
ROM diamonds	Carats	530,376	359,775	47%	1,872,120
Tailings and alluvial diamonds	Carats	124,314	24,768	402%	336,742
Total diamonds	Carats	654,690	384,543	70%	2,208,862
Sales					
Diamonds sold	Carats	318,700	109,798	190%	2,084,429
Gross revenue	US\$M	51.1	17.7	188%	316.9

Note: For mine by mine production and sales data, please refer to the appendix to this announcement.

Johan Dippenaar, Chief Executive Officer, commented:

"This is a further solid set of results, demonstrating that the Company continues to deliver on its growth ambitions. Following the announcement of our successful debt financing today, Petra is positioned to maintain its successful track record and continue on its path to 5 million carats per annum by 2019."

CONFERENCE CALL

Petra's CEO, Johan Dippenaar, and Finance Director, David Aberly, will host a conference call at 9:30am GMT today to discuss the IMS and the new debt facilities with investors and analysts. Participants may join the call by dialling one of the following three numbers shortly before the call:

From the UK (toll free): 0800 368 1895
From South Africa (toll free): 0800 983 097
From the rest of the world: +44 20 3140 0693
Participant passcode: 970015#

A replay of the conference call will be available on the following numbers from 12:00pm GMT today:

From UK (toll free): 0800 368 1890
From South Africa and the rest of the world: +44 20 3140 0698
Playback passcode: 387648#

COMMENTARY

Production

- Q1 production up 70% to 654,690 carats (Q1 FY 2012: 384,543 carats), primarily due to the inclusion of the Finsch mine for the full quarter (the Finsch acquisition closed halfway through Q1 FY 2012 on 14 September 2011).
- As has been widely reported, the South African mining industry has recently experienced a challenging labour relations environment and during October 2012 there were brief work stoppages at certain of Petra's South African operations. These stoppages, combined with the difficult labour relations environment experienced beforehand during Q1 FY 2013, have had a production impact but it is expected that the lost production will to some extent be made up during the coming months. At this point, there is no material change to Petra's FY 2013 production guidance of 2.85 million carats.
- At Finsch, the ROM grade of 32.0 cpht was in line with Company guidance; the reduction in grade vs. Q4 FY 2012 was due to the expected dilution of the Block 4 production areas as previously advised. The build-up of tailings tonnes processed was marginally behind due to adverse weather conditions in August and a delayed start-up of contracted tramming.
- A characteristic of Finsch production is the good quality of the smaller stones and the bottom-cut is systematically being reduced to 1 mm (from 1.47 mm) to capture this size fraction.
- At Cullinan, as previously announced, Petra is managing the lower ROM grade (32.9 cpht) in the current working areas by higher ROM throughput. Tailings production was also in line with expectations, with the significant ramp-up of tailings throughput for FY 2013 back-ended to the second half of the financial year, in accordance with Petra's business plan. The improvement in tailings grade is expected to continue once the recrusher system has been incorporated into the new dense media separation ("DMS") tailings plant (expected by the end of FY 2013).
- At Koffiefontein, ROM production tonnes were in line with expectations. The ROM grade improved to 6.9 cpht and is expected to continue to improve once more tonnes are accessed from the higher grade 52 Recovery Level. ROM tonnages continue to be supplemented by increased production from surface resources (the satellite Ebenhaezer open pit and tailings). The combined grade of the surface tonnages is expected to rise later in the financial year, due to an increased contribution from Ebenhaezer.
- At Kimberley Underground, commissioning of the Wesselton plant is progressing satisfactorily, with throughput ahead of plan. Wesselton grade is expected to improve as further refinements to the plant are made following commissioning.
- Williamson ROM tonnages and grade exceeded expectations due to a smooth transition to production post commissioning.
- Limited production and sales activities at the Fissure mines are a result of the ongoing disposal process of these mines.

Expansion projects

- The Group's expansion projects at Finsch, Cullinan, Koffiefontein and Kimberley Underground are progressing well.
- At Finsch and Cullinan, development of the declines and access tunnels (as well as the shaft at Cullinan) is progressing in line with expectations.
- The commissioning of the new modular tailings plant at Cullinan is running marginally behind schedule, mainly as a result of delays due to the lengthy strike action in the South African transport industry. Commissioning, originally planned for September, commenced during October 2012.

Diamond market and sales

- The rough diamond market was essentially flat in Q1 FY 2013, in line with Petra's expectations.
- Supply to the market remains constrained, with several producers revising production targets downwards.
- Revenue for Q1 FY 2013 was up 188% to US\$51.1 million (Q1 FY 2012: US\$17.7 million).
- Carats sold were up 190% to 318,700 carats (Q1 FY 2012: 109,798).
- Carat sales were significantly lower than carats produced due to the seasonal timing of Petra's tenders; only one tender was held in Q1 FY 2013 due to the timing of industry holidays. As usual, Petra will hold three tenders in H1 (equating to five months production) and five tenders in H2 (equating to seven months production). As previously stated, Petra does not withhold production and, with the very occasional exceptions of certain 'specials', all production is offered for sale at its regular tenders.
- In October 2012, Petra closed tenders for both its South African and Tanzanian production, recording combined revenue of US\$45.8 million for 326,261 carats sold; average prices YTD remained in line with Petra's previous FY 2013 guidance. Petra will publish overall tender results for Q2 FY 2013 within its half yearly trading update in January 2013.
- During Q1 FY 2013, a 68.6 carat white stone from Cullinan sold for US\$3.45 million.
- The tender result for Q1 FY 2013 shown below is as previously disclosed in Petra's Preliminary Results announcement on 24 September 2012.

Mine	Average US\$/carat Q1 FY 2013	Average US\$/carat Q1 FY 2012	Average US\$/carat FY 2012	Management guidance Average US\$/ct FY 2013
Finsch	133	n/a	138	129
Cullinan	151 ²	131	128	129
Koffiefontein	566	468	487	475
Kimberley Underground	236	259	320	300
Fissures	325	297	255	n/a
Williamson	243 ³	n/a	236	220

Notes:

1. All sales (both ROM and tailings/alluvials/Ebenhaezer) including specials (stones above US\$1 million in value) were used to calculate the above average values.
2. US\$149 per carat was disclosed in Petra's Preliminary Results announcement; the amendment to US\$151 is due to a stone sold post the date of Petra's result announcement.
3. Excluding alluvial sales results.

Exploration (Botswana)

- Positive drilling and microdiamond results from kimberlite KX36 were announced on 14 March 2012. A preliminary large diameter (24 inch) and delineation drilling programme has been completed delivering approximately 700 to 800 tonnes. These samples are being processed through Petra's dedicated sampling plant. Phase 1 results from the treatment of the sampling material are expected in December/January 2013.
- As previously announced, due to the potential that KX36 might be one of several kimberlites within a new kimberlite field, the following work is underway:
 - a high resolution regional soil sampling programme covering kimberlite KX36 and its immediate surrounds is being undertaken; and
 - an airborne electro-magnetic survey will be executed in the coming months.

Corporate and Governance

- As previously announced, Petra and its black economic empowerment partners have commenced a sales process with regards to the Fissure Mines (Helam, Sedibeng and Star), which are no longer core to the Group's portfolio. The disposal process is progressing well and has attracted significant interest.
- On 12 September 2012, following a search assisted by external specialist consultants, Mr Tony Lowrie was appointed as Senior Independent Non-Executive Director.
- On 24 October 2012, IFC exercised warrants over 2.1 million shares, increasing their shareholding in the Company to 7,067,192 shares (representing 1.4% of the Company's issued share capital.). IFC holds an additional 4.2 million warrants in the Company.

Financial:

- As at 30 September 2012, Petra had cash at bank of US\$15.4 million (30 June 2012: US\$47.3 million) and diamond inventories of ca. US\$61.5 million (558,128 carats) (30 June 2012: US\$24.5 million (372,556 carats)). Diamond inventory carrying values are stated at the lower of cost of production on the weighted average basis or estimated net realisable value.
- Loans and borrowings as at 30 September 2012 were US\$100.2 million, being seasonal utilisation of the Group's working capital facilities of US\$19.2 million and the amount drawn-down of US\$81.0 million on the current debt IFC/RMB facilities.
- On 12 November 2012, agreements were entered into with regards to new debt facilities of ca. US\$244 million with FirstRand Bank Limited (acting through Rand Merchant Bank and First National Bank divisions), Absa Corporate and Investment Banking and IFC. The new facilities represent a reorganisation and optimisation of Petra's previous debt structures, providing greater assurance, alignment and flexibility with regards to the Group's expansion plans. Further detail on the new debt facilities is provided in a separate announcement made today.

Health and safety:

- Group lost time injury frequency rate ("LTIFR") for Q1 FY 2013 of 1.11 (Q1 FY 2012: 1.00).
- The health and safety of all employees is of the utmost importance to the Company and Petra is highly focused on this area; the Company continues to strive for zero harm across all its operations.

Note

Exchange rates of US\$1:R8.70 as at 12 November 2012, US\$1:8.30 as at 30 September 2012 and US\$:8.16 as at 30 June 2012 have been used for the purposes of this announcement.

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About Petra Diamonds Limited

Petra Diamonds is a leading independent diamond mining group and an increasingly important supplier of rough diamonds to the international market. The Company has interests in eight producing mines: seven in South Africa (Finsch, Cullinan, Koffiefontein, Kimberley Underground, Helam, Sedibeng and Star) and one in Tanzania (Williamson). It also maintains an exploration programme in Botswana.

The Company has recently commenced a disposal process in respect of the Helam, Sedibeng and Star mines (the Fissure Mines), which are no longer core to the Group's portfolio.

Petra offers an exceptional growth profile, with a core objective to steadily increase annual production to 5 million carats by FY 2019. The Group has a major resource base in excess of 300 million carats.

Petra conducts all operations according to the highest ethical standards and will only operate in countries which are members of the Kimberley Process. Petra is quoted with a premium listing on the Main Market of the London Stock Exchange under the ticker 'PDL' and is a member of the FTSE 250.

For more information, visit the Company's website at www.petradiamonds.com

APPENDIX – MINE BY MINE PRODUCTION TABLES

Finsch – South Africa

	Unit	Q1 FY 2013	Q1 FY 2012 ¹	Variance	FY 2012
<u>ROM Production</u>					
Tonnes treated	Tonnes	686,680	248,960	176%	2,260,842
Diamonds produced	Carats	220,008	97,617	125%	832,396
Grade	cpht	32.0	39.2	-18%	36.8
<u>Tailings Production</u>					
Tonnes treated	Tonnes	566,902	53,508	960%	1 600,170
Diamonds produced	Carats	100,606	9,096	1,006%	272,222
Grade	cpht	17.7	17.0	4%	17.0
<u>Total Production</u>					
Tonnes treated	Tonnes	1,253,582	302,468	315%	3,861,012
Diamonds produced	Carats	320,614	106,713	200%	1,104,618
<u>Sales</u>					
Diamonds sold	Carats	155,934	-	n/a	989,101
Average price per carat	US\$	133	-	n/a	138
Revenue	US\$M	20.7	-	n/a	136.9

Note:

The acquisition of Finsch completed on 14 September 2011

Cullinan – South Africa

	Unit	Q1 FY 2013	Q1 FY 2012	Variance	FY 2012
<u>ROM Production</u>					
Tonnes treated	Tonnes	682,557	629,747	8%	2,504,137
Diamonds produced	Carats	224,861	217,188	4%	833,285
Grade	cpht	32.9	34.5	-5%	33.3
<u>Tailings Production</u>					
Tonnes treated	Tonnes	230,400	196,277	17%	668,534
Diamonds produced	Carats	14,255	9,776	46%	34,495
Grade	cpht	6.2	5.0	24%	5.2
<u>Total Production</u>					
Tonnes treated	Tonnes	912,957	826,024	11%	3,172,671
Diamonds produced	Carats	239,116	226,964	5%	867,780
<u>Sales</u>					
Diamonds sold	Carats	114,133	91,791	24%	876,384
Average price per carat	US\$	151	131	15%	128
Revenue	US\$M	17.2	12.0	43%	112.0

Koffiefontein – South Africa

	Unit	Q1 FY 2013	Q1 FY 2012	Variance	FY 2012
<u>ROM Production</u>					
Tonnes treated	Tonnes	53,950	142,275	-62%	498,412
Diamonds produced	Carats	3,723	6,785	-45%	24,569
Grade	cpht	6.9	4.8	45%	4.9
<u>Tailings/Ebenhaezer Production</u>					
Tonnes treated	Tonnes	359,570	202,175	78%	967,538
Diamonds produced	Carats	6,421	3,309	94%	15,548
Grade	cpht	1.8	1.6	9%	1.6
<u>Total Production</u>					
Tonnes treated	Tonnes	413,520	344,450	20%	1,465,950
Diamonds produced	Carats	10,144	10,094	1%	40,117
<u>Sales</u>					
Diamonds sold	Carats	5,730	3,852	49%	38,798
Average price per carat	US\$	566	468	21%	487
Revenue	US\$M	3.2	1.8	80%	18.9

Kimberley Underground – South Africa

	Unit	Q1 FY 2013	Q1 FY 2012	Variance	FY 2012
<u>ROM Production¹</u>					
Tonnes treated	Tonnes	217,021	133,603	62%	587,065
Diamonds produced	Carats	26,150	16,464	59%	68,422
Grade	cpht	12.0	12.3	-2%	11.7
<u>Sales</u>					
Diamonds sold	Carats	15,681	7,695	104%	61,895
Average price per carat	US\$	236	259	-9%	320
Revenue	US\$M	3.7	2.0	86%	19.8

Note:

Petra only produces from ROM (underground) operations at Kimberley Underground

Fissure mines – South Africa

	Unit	Q1 FY 2013	Q1 FY 2012	Variance	FY 2012
<u>ROM Production</u>					
Tonnes treated	Tonnes	50,972	49,983	2%	167,794
Diamonds produced	Carats	19,886	21,721	-8%	70,593
Grade	cpht	39.0	43.5	-10%	42.1
<u>Tailings Production</u>					
Tonnes treated	Tonnes	-	-	n/a	8,203
Diamonds produced	Carats	-	-	n/a	281
Grade	cpht	-	-	n/a	3.4
<u>Total Production</u>					
Tonnes treated	Tonnes	50,972	49,983	2%	175,997
Diamonds produced	Carats	19,886	21,721	-8%	70,874
<u>Sales</u>					
Diamonds sold	Carats	104	6,460	-98%	69,097
Average price per carat	US\$	325	297	9%	255
Revenue	US\$M	0.03	1.9	-98%	17.7

Williamson – Tanzania

	Unit	Q1 FY 2013	Q1 FY 2012	Variance	FY 2012
<u>ROM Production</u>					
Tonnes treated	Tonnes	632,877	-	n/a	826,699
Diamonds produced	Carats	35,748	-	n/a	42,855
Grade	cpht	5.6	-	n/a	5.2
<u>Alluvial Production</u>					
Tonnes treated	Tonnes	86,530	59,774	45%	278,328
Diamonds produced	Carats	3,032	2,587	17%	14,195
Grade	cpht	3.5	4.3	-19%	5.1
<u>Total Production</u>					
Tonnes treated	Tonnes	719,407	59,774	1,104%	1,105,027
Diamonds produced	Carats	38,780	2,587	1,400%	57,050
<u>Sales</u>					
Diamonds sold	Carats	27,119	-	n/a	49,153
Average price per carat					
- ROM	US\$	243	-	n/a	240
- Alluvials / tailings	US\$	165	-	n/a	232
Revenue	US\$M	6.2	-	n/a	11.6

Note:

During Q1 FY 2012 there was no production from the main pit at Williamson while the development programme was underway; therefore the results for the comparative periods only represent alluvial and limited tailings production.