



## PetraDiamonds

21 February 2023

LSE: PDL

### Petra Diamonds Limited

#### Interim results for the six months ended 31 December 2022

#### ***H1 in line with expectations; annual production on track to increase by c.1 Mct in FY 2025***

Petra Diamonds Limited ("Petra" or the "Company" or the "Group") announces its unaudited interim results for the six months ended 31 December 2022 (the "Period", "H1 FY 2023", or "H1").

#### **Richard Duffy, Chief Executive Officer at Petra Diamonds commented:**

*"Petra's new culture and ongoing focus on continuous improvement through our operating model has enabled the Company to respond swiftly and efficiently to the operational challenges experienced in H1 FY 2023.*

*We are optimistic that the fundamentals of the diamond market will continue to support prices, with demand for luxury goods remaining robust in the USA, notwithstanding recent economic volatility. We also expect that the ending of lock-down restrictions in China will benefit diamond pricing in the near to medium term.*

*We remain on track to meet recent production guidance, while our cost guidance remains largely unchanged despite inflationary pressures as a result of our ongoing focus on costs, supported by a weaker Rand. Both the Finsch & Cullinan Mines have a significant resource base giving them potential for long lives, and our projects at both mines continue to progress in line with expectations. As a result, our guidance shows annual production increasing by c.1 million carats from 2.8 million carats in FY 2023 to 3.6 - 3.9 million carats in FY 2025. Production will be further boosted from the recently approved C-Cut extension at the Cullinan Mine, set to deliver a total of 2.3 million additional carats from FY 2025 through to FY 2033.*

*At Williamson, we have made considerable progress in addressing the social and environmental impact of the tailings storage facility wall breach. The necessary permits are being put in place, with production anticipated to resume during Q1 FY 2024. Ahead of this resumption, maintenance is being accelerated and waste stripping is being carried out to construct the interim tailings storage facility and to enable an efficient ramp-up in production.*

*Koffiefontein has been loss making for a number of years and incurred an operating loss of US\$8.7 million in H1. We are taking important steps towards responsible closure in discussion with all relevant stakeholders.*

*Revenue for the half year decreased from US\$264.7 million in H1 FY 2022 to US\$212.1 million, with the strength of our product mix and an increase in like-for-like diamond prices of 12.6% helping to offset lower production and no contribution from Exceptional Stones<sup>1</sup> (H1 FY 2022: US\$77.9 million).*

*Post period-end, two blue diamonds recovered from the Cullinan Mine, including an Exceptional Stone, were sold into partnership. The 17.4 and 10.4 carat gem quality blue diamonds were sold for US\$7 million and US\$2 million respectively. We will share equally in any upside on the sale of the stones once cut and polished, extending our partnership approach on selected diamonds."*

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<sup>1</sup> Petra classifies "Exceptional Stones" as rough diamonds which sell for US\$5 million or more each

## Summary of financial results

US\$m unless stated otherwise	H1 FY 2023	H1 FY 2022	FY 2022
Revenue	212.1	264.7	585.2
Revenue from rough diamond sales	210.7	264.7	584.1
Average realised price per carat	160	166	165
Adjusted mining and processing costs	130.4	109.8	307.1
Adjusted EBITDA <sup>1</sup>	77.4	150.9	264.9
Adjusted EBITDA margin <sup>1</sup>	36%	57%	45%
Adjusted profit before tax <sup>1</sup>	18.9	91.1	141.9
Adjusted net profit after tax <sup>1</sup>	4.5	66.4	102.0
Net (loss) / profit after tax	(17.6)	49.1	88.1
Adjusted basic (loss) / earnings per share <sup>1</sup> (USc)	(0.91)	29.01	42.93
Basic (loss) / earnings per share (USc)	(12.23)	22.29	35.53
Capital expenditure	51.9	16.7	52.2
Operational free cash flow <sup>1</sup>	11.7	122.4	230.0
Consolidated net debt <sup>1</sup>	90.2	152.3	40.6
Unrestricted cash	130.4	256.7	271.9
Consolidated net debt : Adjusted EBITDA <sup>1</sup>	0.47x	1.0x	0.15x

Note 1: For all non-GAAP measures refer to the Summary of Results table within the Financial Results section below.

- Revenue amounted to US\$212.1 million (H1 FY 2022: US\$264.7 million), including US\$1.4 million from Petra's realised profit share from partnership stones
- The average realised price per carat in H1 FY 2023 was US\$160/ct down 3% to US\$166 in H1 FY 2022 and US\$165/ct for FY 2022
- Adjusted mining and processing costs remained within expectations despite inflationary pressures. The increase was largely attributable to diamond inventory movement while cash on mine cost remained largely flat
- Adjusted EBITDA 49% lower YoY, due to the lack of contribution from Exceptional Stones (US\$64 million at Cullinan Mine and US\$13.9 million at Williamson Mine in the prior period), together with lower sales volumes
- Basic loss per share from continuing operations of USc12.23 per share and USc0.91 on an adjusted basis after accounting for non-controlling interests
- Capex increased to US\$51.9 million (H1 FY 2022: US\$ 16.7 million) largely due to the planned capital expenditure relating to expansion projects at the Cullinan and Finsch Mines, coupled with accelerated equipment replacement at Finsch
- Operational free cash flow down to US\$11.7 million on the back of reduced sales and the planned increase in capital expenditure relating to expansion projects
- Further strengthening of the Balance Sheet:
  - Unrestricted cash decreased by US\$141.5 million to US\$130.4 million following the successful repurchase of Loan Notes totaling US\$146.1 million
  - Consolidated net debt increased to US\$90.2 million from US\$40.6 million as at 30 June 2022, with Consolidated net debt : Adjusted EBITDA at 0.47x compared with 0.15x at 30 June 2022

## Safety and operational performance

	Unit	H1 FY 2023	H1 FY 2022	Variance	FY 2022
Lost time injury frequency rate (LTIFR)		0.19	0.18	6%	0.23
Lost time injuries (LTIs)		7	7	0%	15
Gross ore processed	Mt	5.4	5.6	-4%	11.7
Gross diamonds recovered	Carats	1,399,749	1,777,424	-21%	3,353,670
Gross diamonds sold	Carats	1,312,900	1,595,581	-18%	3,536,316

## Updates on Williamson

### Tailings storage facility (TSF) wall breach

- *Financial:* As a result of the TSF wall breach, a US\$5.9 million remediation charge is reflected in the profit and loss statement (after Adjusted NPAT). Approximately US\$1.5 million of this amount was incurred up to 31 December 2022, with the balance accrued for at period-end and is expected to be incurred during H2 FY 2023.

- *Environment, Local Community, Technical and Production:* We continue to make good progress with regards to the environmental, social and economic impact evaluation and remediation process, with humanitarian relief remaining in place for those affected. The geotechnical evaluation to establish the root cause of the subsidence that caused the breach is underway, with operations anticipated to restart using an interim TSF in Q1 FY 2024. More detailed information regarding these processes and assessments is available on our website: <https://www.petradiamonds.com/our-operations/our-mines/williamson/tailings-storage-facility-breach/>

### Blocked diamond parcel

- Under the Framework Agreement entered into by the Government of Tanzania (“GoT”), the Company and Williamson Diamonds Limited (“WDL”) in December 2021, the GoT agreed to allocate the proceeds of the confiscated diamond parcel of 71,654.45 carats (“Blocked Parcel”) to WDL. It has come to our attention that a portion of the Blocked Parcel has recently been sold. We are engaging with GoT to confirm the application of the proceeds. More information on the history of the Blocked Parcel can be found on our website: [Petra Diamonds | Blocked Diamond Parcel - Petra Diamonds](#)

### Independent Grievance Mechanism and community projects at Williamson

- The Independent Grievance Mechanism (IGM), a non-judicial process to address the historical allegations of human rights abuses at Williamson became operational in November 2022 and is now in its pilot phase. The pilot phase will involve the award of remedy to those determined to have suffered severe human rights impacts whilst allowing for the IGM’s systems and procedures to be further developed to take into account the learnings of the pilot phase. More detailed information on the IGM and the Restorative Justice Projects being put in place to provide sustainable benefits to the communities located around the mine can be found on our website: <https://www.petradiamonds.com/our-operations/our-mines/williamson/allegations-of-humanrights-abuses-at-the-williamson-mine/>

### Outlook

Actions taken to strengthen our business and improve cash flow generation, together with our capital discipline, means that Petra is well placed to take advantage of the supportive diamond market fundamentals. Our projects remain on track to deliver a c.1Mct annual increase in FY 2025, with work commencing on the C-cut extension to unlock a further 2.3Mct from FY 2025 through to FY 2033, as we continue to develop the long term potential of our resource base. We remain confident that we will continue to generate sufficient cash to fund capex and allow further deleveraging. The Company will consider the payment of a FY 2023 dividend when finalising its year end results.

### Key operational guidance metrics

	Unit	H1 FY23A	H2 FY23E	FY23E	FY24E	FY25E
Total carats recovered	Mcts	1.4	1.35 - 1.45	2.75 - 2.85	3.0 – 3.3	3.6 – 3.9
Cash on-mine costs and G&A <sup>1</sup>	US\$m	130.4	150 - 170	280 - 300	280 - 300	280 – 300
Expansion capex <sup>1</sup>	US\$m	38.2	59 – 62	92 – 104	117 – 129	110 - 125
Sustaining capex <sup>1</sup>	US\$m	13.7	26 – 28	35 - 39	31 – 36	25 - 28

Note 1: Opex and Capex guidance is stated in FY 2023 real terms and based on an exchange rate of ZAR17 / USD1.

More detailed guidance is available on Petra's website at:  
<https://www.petradiamonds.com/investors/analysts/analyst-guidance/>

## PRESENTATION DETAILS

Richard Duffy, CEO, Jacques Breytenbach, CFO, will present the results to investors and analysts.

### Online and in person at 9.30am GMT

In-person: Storey Club, 100 Liverpool St, Broadgate, London EC2M 2AU

Webcast: To join <https://stream.brrmedia.co.uk/broadcast/63ece9ed46729d09e3663d62>

Dial in details:

- Johannesburg, toll/tollfree: +27 (0) 0800 980 512
- UK: +44 (0)33 0551 0200
- USA local: +1 786 697 3501

Password: Quote "Petra Diamonds Interim Results" when prompted by the operator

### Recording of presentation

A recording of the webcast will be available later today on Petra's website at

<https://www.petradiamonds.com/investors/presentations>

### Investor Meet Company presentation at 2pm GMT

Petra will present the results on the Investor Meet company platform, predominantly aimed at retail investors. To join: <https://www.investormeetcompany.com/petra-diamonds-limited/register-investor>

## FURTHER INFORMATION

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## About Petra Diamonds Limited

Petra Diamonds is a leading independent diamond mining group and a supplier of gem quality rough diamonds to the international market. The Group's portfolio incorporates interests in three underground mines in South Africa (Finsch, Cullinan Mine 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 which supports the potential for long-life operations.

Petra strives to conduct all operations according to the highest ethical standards and only operates in countries which are members of the Kimberley Process. The Group 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 Group's loan 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).

## FINANCIAL RESULTS

### SUMMARY RESULTS (unaudited)

	6 months to 31 December 2022 ("H1 FY 2023")	6 months to 31 December 2021 ("H1 FY 2022")	Year ended 30 June 2022 ("FY 2022")
	US\$ million	US\$ million	US\$ million
Revenue	212.1	264.7	585.2
Adjusted mining and processing costs <sup>1</sup>	(130.4)	(109.8)	(307.1)
Other direct income	0.6	0.3	(0.8)
<b>Adjusted profit from mining activity<sup>2</sup></b>	<b>82.3</b>	<b>155.2</b>	<b>277.3</b>
Other corporate income	0.5	0.6	0.6
Adjusted corporate overhead <sup>3</sup>	(5.4)	(4.9)	(13.0)
<b>Adjusted EBITDA<sup>4</sup></b>	<b>77.4</b>	<b>150.9</b>	<b>264.9</b>
Depreciation and Amortisation	(37.2)	(43.5)	(85.3)
Share-based expense	(0.9)	(0.1)	(1.1)
Net finance expense <sup>8</sup>	(20.4)	(16.2)	(36.6)
<b>Adjusted profit before tax</b>	<b>18.9</b>	<b>91.1</b>	<b>141.9</b>
Tax expense (excluding taxation credit on unrealised foreign exchange gain / (loss)) <sup>5</sup>	(14.4)	(24.7)	(39.9)
<b>Adjusted net profit after tax<sup>6</sup></b>	<b>4.5</b>	<b>66.4</b>	<b>102.0</b>
Impairment (charge) / reversal – operations and other receivables <sup>7</sup>	(3.8)	0.1	19.6
Transaction costs and acceleration of unamortised costs on partial redemption of Notes <sup>8</sup>	(9.0)	—	—
Williamson tailings facility - remediation costs	(5.9)	—	—
Williamson tailings facility - accelerated depreciation	(5.2)	—	—
Recovery of fees relating to investigation and settlement of human rights abuse claims	—	0.2	0.8
Net unrealised foreign exchange gain / (loss)	1.6	(28.7)	(36.5)
Taxation credit on unrealised foreign exchange gain / (loss) <sup>4</sup>	0.2	11.1	2.2
<b>Net (loss) / profit after tax</b>	<b>(17.6)</b>	<b>49.1</b>	<b>88.1</b>
<b>Earnings per share attributable to equity holders of the Company – US cents</b>			
Basic (loss) / profit per share	<b>(12.23)</b>	<b>22.29</b>	<b>35.53</b>
Adjusted (loss) / profit per share <sup>9</sup>	<b>(0.91)</b>	<b>29.01</b>	<b>42.93</b>

		As at 31 December 2022	As at 31 December 2021	As at 30 June 2022
	Unit	(US\$ million)	(US\$ million)	(US\$ million)
Cash at bank – (including restricted amounts)	US\$m	146.6	272.3	288.2
Diamond debtors	US\$m	4.9	0.4	37.4
Diamond inventories <sup>14</sup>	US\$m /Cts	59.9 540,153	79.6 819,252	52.7 453,380
Loan notes (issued March 2021) <sup>10</sup>	US\$m	241.7	346.4	366.2
Bank loans and borrowings <sup>11</sup>	US\$m	—	78.6	—
Consolidated net debt <sup>12</sup>	US\$m	90.2	152.3	40.6
Bank facilities undrawn and available <sup>11</sup>	US\$m	58.8	0.6	61.5
Consolidated net debt : Adjusted EBITDA (rolling twelve months)		0.47x	1.0x	0.15x

**The following exchange rates have been used for this announcement: average for H1 FY 2023 US\$1:ZAR17.32 (H1 FY 2022: US\$1: ZAR15.03, FY 2022: US\$1:ZAR15.22); closing rate as at 31 December 2022 US\$1:ZAR17.00 (31 December 2021 US\$1:ZAR15.99, 30 June 2022: US\$1:ZAR16.27).**

**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, 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.

1. Adjusted mining and processing costs are mining and processing costs stated before depreciation.
2. Adjusted profit from mining activities is revenue less adjusted mining and processing costs plus other direct income.
3. Adjusted corporate overhead is corporate overhead expenditure less corporate depreciation, tender offer transaction costs and share-based expense.
4. Adjusted EBITDA is stated before depreciation, amortisation of right-of-use asset, share-based expense, net finance expense, tax expense, impairment reversal/(charges), expected credit loss release/ (charge), recovery of fees relating to investigation and settlement of human rights abuse claims, Williamson tailings facility remediation costs and accelerated depreciation and unrealised foreign exchange gains and (losses).
5. Tax expense is the tax expense for the Period excluding taxation credit on unrealised foreign exchange gain/(loss) generated during the Period; such exclusion more accurately reflects resultant adjusted net profit.
6. Adjusted net profit after tax is net profit after tax stated before impairment (charge)/reversal, Williamson tailings facility remediation costs and accelerated depreciation, recovery of fees relating to investigation and settlement of human rights abuse claims net unrealised foreign exchange gains and losses, and excluding taxation credit on net unrealised foreign exchange gains and losses and excluding taxation credit on impairment charge.
7. Impairment charge of US\$3.8 million (30 June 2022: US\$19.6 million reversal and 31 December 2021: US\$0.1 million reversal) was due to the Group's impairment review of its operations and other receivables. Refer to note 15 for further details.
8. Transaction costs and acceleration of unamortised costs on partial redemption of Notes comprise transaction costs of US\$0.8 million included within Corporate expenditure (refer to note 5) and US\$8.2 million in respect of the redemption premium and acceleration of unamortised costs included within Finance expense (refer to note 6).
9. Adjusted EPS is stated before impairment charge, gain on extinguishment of Notes net of unamortised costs, acceleration of unamortised costs on Notes, Williamson tailings facility remediation costs and accelerated depreciation, recovery of fees relating to investigation and settlement of human rights abuse claims, and net unrealised foreign exchange gains and losses, and excluding taxation credit on net unrealised foreign exchange gains and losses.
10. The 2026 US\$336.7 million loan notes, originally issued following the capital restructuring (the "Restructuring") completed during March 2021, have a carrying value of US\$241.7 million (30 June 2022: US\$366.2 million) which represents the outstanding principal amount of US\$210.2 million (after the early participation phase of the debt tender offers as announced in September and October 2022) plus US\$43.0 million of accrued interest and net of unamortised transaction costs capitalised of US\$11.5 million. Refer to Note 8 for further detail.
11. Bank loans and borrowings represent the Group's ZAR1 billion (US\$58.8 million) revolving credit facility which remains undrawn and available.  
*During the FY2022, the South African banking facilities held with the Group's previous consortium of South African lenders were settled and cancelled, comprising of the revolving credit facility of ZAR404.6 million (US\$24.9 million) (capital plus interest) and the term loan of ZAR893.2 million (US\$54.9 million) (capital plus interest).*
12. Consolidated Net Debt is bank loans and borrowings plus loan notes, less cash and less diamond debtors.
13. Operational free cashflow is defined as cash generated from operations less cash outflows on the acquisition of property, plant and equipment.
14. Diamond inventory includes the 71,654.45 carat parcel of diamonds blocked for export during August 2017, with a carrying value of US\$12.5 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. During February 2023, it has come to our attention that a portion of the Blocked Parcel has been sold. We are engaging with GoT to confirm the application of the proceeds.

## Revenue

H1 FY 2023 amounted to US\$212.1 million (H1 FY 2022: US\$264.7 million), comprising revenue from rough diamond sales of US\$210.7 million (H1 FY 2022: US\$264.7 million) and additional revenue from profit share agreements of US\$1.4 million (H1 FY 2022: US\$nil).

H1 FY 2023 revenue from rough diamond sales decreased 20% to US\$210.7 million (H1 FY 2022: US\$264.7 million) as result of no sales of Exceptional Stones during the Period (H1 FY 2022 US\$77.9 million), lower volumes sold largely owing to reduced tonnages at Finsch and lower grades at the Cullinan Mine, which was partially offset by improved product mix, largely at the Cullinan Mine, and a 12.6% increase in like-for-like diamond prices.

## Mining and processing costs

The mining and processing costs for H1 FY 2023 comprised on-mine cash costs as well as other operational expenses. A breakdown of the total mining and processing costs for the Period 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	Williamson tailings facility – remediation costs <sup>3</sup>	Depreciation and amortisation <sup>4</sup>	Total mining and processing costs (IFRS)
	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m	US\$m
H1 FY 2023	128.4	3.7	(8.8)	7.1	130.4	5.9	42.1	178.4
H1 FY 2022	129.8	3.4	(29.5)	6.1	109.8	—	43.1	152.9
FY 2022	272.3	14.6	0.5	19.7	307.1	—	84.4	391.5

### 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. Remediation costs comprise costs involved in establishing the root cause of the failure, humanitarian relief to the affected community, livelihood- and environmental restoration and costs to repair.
4. Includes US\$5.2 million of accelerated depreciation at Williamson relating to assets damaged in the TSF failure and amortisation of right-of-use assets under IFRS 16 of US\$1.7 million (H1 FY2022: US\$0.6 million and FY 2022: US\$2.3 million) and excludes corporate / administration.

On-mine cash costs reduced by US\$1.4 million (1.1%) compared to H1 FY 2022 and in line with expectations, due to:

- The effect of translating ZAR denominated costs at the South African operations at a weaker ZAR/USD average exchange rate (12.4% decrease)
- Lower production volumes at South African operations (5.0% decrease)
- Other cost savings, including reduction in on-mine costs due to centralisation (3.4% decrease)

Offset by:

- Increase in Williamson cash costs compared to a lower prior year base, following restart post-care and maintenance in H1 FY22 (12.0% increase)
- Inflationary increases (6.9% increase)
- Above-inflation increases associated with electricity costs (0.8% increase)

Royalties increased to US\$3.7 million (H1 FY 2022: US\$3.4 million) driven by increased revenues from Williamson compared to the prior period.

## Adjusted profit from mining activities

Adjusted profit from mining activities decreased 47% to US\$82.3 million (H1 FY 2022: US\$155.2 million), mainly due to no sales of Exceptional Stones during the Period, the impact of lower volumes at the Cullinan and Finsch Mines, and increased costs at Williamson being in production for a period of almost five months (prior to the tailings storage facility failure when operations at the mine ceased) compared to three months in the comparative period.

*Adjusted corporate overhead – general and administration*

Corporate overhead (before depreciation and share based payments) increased to US\$5.4 million for the Period (H1 FY 2022: US\$4.9 million) mainly attributable to the increase in corporate governance structures and costs associated with the Williamson IGM process during the Period.

**Adjusted EBITDA**

Adjusted EBITDA, being profit from mining activities less adjusted corporate overhead, decreased 49% to US\$77.4 million (H1 FY 2022 US\$150.9 million), representing an adjusted EBITDA margin of 36% (H1 FY 2022: 57%) driven by the lower production, increased mining costs and zero contribution from Exceptional Stones.

*Depreciation and amortisation*

Depreciation and amortisation for the Period of US\$42.4 million (H1 FY 2022: US\$43.1 million), decreased due to lower production and a weakening ZAR/USD, offset by the inclusion of accelerated depreciation of US\$5.2 million attributable to the assets written down at Williamson as a result of the tailings storage facility failure.

*Impairment reversal / charge*

As a result of the impairment reviews carried out at the Group's operating assets and other receivables during the Period, an overall net impairment charge of US\$3.8 million (H1 FY 2022: US\$0.1 million impairment reversal) was recognised, comprising:

<i>US\$ million</i>	<b>H1 FY 2023</b>	<b>H1 FY 2022</b>
<b>Asset class</b>		
Impairment charge - property, plant & equipment (Refer note 15)	(0.3)	(0.3)
Impairment (charge)/reversal - other current receivables (refer note 15)	(3.5)	0.4
<b>Total</b>	<b>(3.8)</b>	<b>0.1</b>

Impairment reviews carried out at the Cullinan, Finsch and Williamson Mines did not result in an impairment charge or reversal for operational assets during the Period (H1 FY 2022: US\$nil). Asset level impairment at Koffiefontein amounted to US\$0.3 million (H1 FY 2022: US\$0.3 million), compared to the Group's carrying value of property, plant and equipment of US\$615.3 million (H1 FY 2022: US\$624.0 million) pre-impairment.

During the Period, an impairment charge of US\$3.5 million (H1 FY 2022: US\$0.4 million) relating to VAT receivable at Williamson was recognised in the Consolidated Income Statement.

*Net financial expense*

Net financial expense of US\$27.0 million (H1 FY 2022: US\$44.9 million) comprises:

<i>US\$ million</i>	<b>H1 FY 2023</b>	<b>H1 FY 2022</b>
Net realised foreign exchange gain on settlement of forward exchange contracts and foreign loans	—	8.8
Interest received on bank deposits	1.7	0.5
Net interest receivable on the BEE partner loans and amortisation of lease liabilities in accordance with IFRS 16	0.8	1.3
<i>Offset by:</i>		



Net realised foreign exchange loss on settlement of forward exchange contracts and foreign loans	(7.7)	—
Interest on the Group's debt and working capital facilities	(13.6)	(23.8)
Unwinding of the present value adjustment for Group rehabilitation costs	(1.6)	(3.0)
Acceleration of unamortised bank facility and Notes transaction costs	(8.2)	—
Net unrealised foreign exchange gains / (losses)	1.6	(28.7)
<b>Net financial expense</b>	<b>(27.0)</b>	<b>(44.9)</b>

#### *Tax credit / charge*

The tax charge of US\$14.2 million (H1 FY 2022: US\$13.6 million) comprised a deferred tax charge of US\$14.0 million (H1 FY 2022: US\$24.3 million) and a net current tax charge of US\$0.2 million (H1 FY 2022: US\$nil). The tax charge of US\$14.2 million (H1 FY 2022: US\$13.6 million) comprised a deferred tax charge of US\$14.2 million (H1 FY 2022: US\$24.3 million) in respect of the utilisation of capital allowances at the Cullinan Mine, Finsch and Williamson Mines and US\$0.2 million deferred tax credit (H1 FY2022: US\$11.1 million) relating to unrealised foreign exchange losses during the Period, which reduced existing deferred tax liabilities, with an income tax charge of US\$0.2 million at Williamson for the Period (H1 FY 2021: US\$0.4 million at Finsch).

The current period effective tax rate is higher than the South African tax rate of 27% (the Group's primary tax paying jurisdiction) primarily due to foreign exchange losses and permanent differences as a result of the Koffiefontein impairment and loss making companies (within the Group) where deferred tax assets on operating losses are not recognised, which when consolidated reduces the Group's overall profit before tax resulting in an increased effective tax rate.

#### *Williamson Tailings Storage Facility (TSF)*

On 7 November 2022, the TSF wall at the Williamson mine was breached, resulting in flooding away from the pit which has extended into certain areas outside of the mine lease area. As a result, remediation costs relating to the incident have been incurred during the Period and additional costs will be incurred going forward. The remediation costs comprise establishing the root cause of the failure, humanitarian relief to the affected community, livelihood and environmental restoration and costs to repair.

In H1 FY 2023, US\$1.5 million of costs have been incurred and a further US\$4.4 million of costs, comprising management's best estimate based on the current information available, has been provided for ongoing remediation costs.

In addition, US\$5.2 million of accelerated depreciation was recognised in the Period to fully write down assets damaged in the TSF breach.

#### *Earnings per share*

Basic loss per share from continuing operations of USc12.23 was recorded (H1 FY 2022: USc22.29 profit).

Adjusted loss per share from continuing operations (adjusted for impairment charges, transaction costs and accelerated unamortised costs, taxation credit on net unrealised foreign exchange losses and net unrealised foreign exchange gains and losses) of USc0.91 was recorded (H1 FY 2022: USc29.01 profit (adjusted for impairment charges, taxation charge on net unrealised foreign exchange gains and net unrealised foreign exchange gains and losses)).

#### *Operational free cash flow*

During the Period, operational free cash flow of US\$11.7 million (H1 FY 2022: US\$122.4 million) reflects the impact from an increase in capital expenditure of US\$32.4 million and a decrease in revenue from Exceptional Stones of US\$89.1 million. This cash flow performance was further impacted by:

- US\$6.4 million outflow (H1 FY 2022: US\$4.8 million inflow) of net realised foreign exchange gains/(losses) and cash finance expenses net of finance income;

- US\$2.7 million dividend paid to BEE partners (H1 FY 2022: US\$3.5 million).

#### *Cash and Diamond Debtors*

As at 31 December 2022, Petra had cash at bank of US\$146.6 million (H1 FY 2022: US\$272.3 million). Of these cash balances, US\$130.4 million was held as unrestricted cash (H1 FY 2022: US\$256.7 million), US\$15.4 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 2022: US\$14.8 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 2022: US\$0.8 million).

The decrease in cash balances is attributable to the repayment to Noteholders, through a debt tender offer during the Period, of US\$144.6 million comprising the principal amount of US\$126.4 million and PIK interest of US\$18.2 million. The principal amount of Notes outstanding after the repayments to Noteholders is US\$210,190,662. Cash costs of US\$1.4 million attributable to the debt tender offer have been expensed in the Consolidated Income Statement under finance expense (refer to Note 6).

Diamond debtors as at 31 December 2022 were US\$4.9 million (H1 FY 2022: US\$0.4 million).

#### *Loans and Borrowings*

The Group had loans and borrowings (measured under IFRS) at Period end of US\$241.7 million (H1 FY 2022: US\$425.3 million) comprised of US\$210.2 million of Second Lien Notes (including US\$43.0 million of accrued interest and unamortised transaction costs of US\$11.5 million) and bank loans and borrowings of US\$nil (H1 FY 2022: US\$78.6 million). Bank debt facilities undrawn and available to the Group as at 31 December 2022 were US\$58.8 million (H1 FY 2022: US\$0.6 million). Refer to note 8 for further details relating to the movement in loans and borrowings during the Period.

Consolidated net debt as at 31 December 2022 was US\$90.2 million (H1 FY2022: US\$152.3 million).

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

The Company's EBITDA-related covenants associated with its banking facilities are as outlined below:

- To maintain a Consolidated Net Debt : Adjusted EBITDA ratio tested semi-annually on a rolling 12-month basis
- To maintain an Interest Cover Ratio (ICR) tested semi-annually on a rolling 12-month basis
- To maintain minimum 12 month forward looking liquidity requirement that consolidated cash and cash equivalents (excluding diamond debtors) shall not fall below US\$20.0 million

The Company's covenant levels, which have not been breached during the Period under review, for the respective measurement periods are outlined below:

	FY22 H2	FY23 H1	FY23 H2	FY24 H1	FY24 H2	FY25 H1	FY25 H2	FY26 H1
Consolidated 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 (ICR) ( <i>minimum</i> )	1.85	1.85	2.50	2.50	2.75	2.75	3.00	3.00

For further detail on the SA Lender facilities refer to Note 8 below.

#### *Going concern considerations*

The Board has reviewed the Group's forecasts with various sensitivities applied, for the 18 months to June 2024, 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 recognise 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. The following sensitivities have been performed in assessing the Group's ability to operate as a going concern (in addition to the Base Case) as at the date of this report:

- A 10% decrease in forecast rough diamond prices from January 2023 to June 2024
- A 10% strengthening in the forecast South African Rand (ZAR) exchange rate against the US Dollar from January 2023 to June 2024
- A 5% increase in operating costs from January 2023 to June 2024
- A US\$15 million reduction in revenue contribution from the effects of product mix and/or Exceptional Stones
- Combined sensitivity: prices down 10% and ZAR stronger by 10%, reduced contribution from Exceptional Stones and operating costs up 5%

Under all the cases, the forecasts indicate that the Group's liquidity outlook over the 18-month period to December 2024 remains strong, even when applying the above sensitivities to the base case forecast.

The forward-looking covenant measurements associated with the new First Lien (1L) facility do not indicate any breaches during the 18-month review period for the base case as well as all the above sensitivities when considered on a stand-alone basis. The combined sensitivity shows a covenant breach for the required ICR in the June 2024 measurement period. While the ICR is projected to be breached in this combined sensitivity, neither the Consolidated Net Debt : EBITDA covenant nor the liquidity covenant is projected to be breached, while the revolving credit facility (RCF) remains undrawn. It is therefore assumed that the RCF remains available on the expectation that the 1L lender will agree to an ICR covenant waiver given that the Group does not expect to utilise the RCF for servicing of its Second Lien (2L) interest obligations. Furthermore, this potential ICR breach may be cured by means of cost savings and revenue enhancing opportunities through, for example, entering into partnership agreements on the sale of high-value or Exceptional stones.

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

#### *Capex and Production*

Total Group capex for the Period increased to US\$51.9 million (H1 FY 2022: US\$16.7 million), comprising:

- US\$38.2 million expansion capex (H1 FY 2022: US\$11.7 million)
- US\$13.7 million sustaining capex (H1 FY 2022: US\$5.0 million)

<b>Capex (US\$m)</b>	<b>H1 FY 2023</b>	<b>H1 FY 2022</b>
Cullinan	23.3	12.5
Finsch	23.1	2.5
Williamson	3.2	0.8
Koffiefontein	0.3	0.3
<b>Subtotal – capex incurred by operations</b>	<b>49.9</b>	<b>16.1</b>
Corporate	2.0	0.6
<b>Total Group capex</b>	<b>51.9</b>	<b>16.7</b>

#### *Group Production Summary*

Below is a summary of the Group production for the Period, further detail can be obtained from the H1 FY2023 Operating update released on 16 January 2023.

Production		H1 FY 2023	H1 FY 2022
ROM tonnes	Tonnes	5,240,992	5,401,532
Tailings and other tonnes	Tonnes	198,090	238,292
<b>Total tonnes treated</b>	<b>Tonnes</b>	<b>5,439,082</b>	<b>5,639,824</b>
ROM diamonds	Carats	1,337,931	1,649,989
Tailings and other diamonds	Carats	61,818	127,435
<b>Total diamonds</b>	<b>Carats</b>	<b>1,399,749</b>	<b>1,777,424</b>

## 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 FY 2023: H1
<b>External Risks</b>				
<b>1. Rough diamond price</b>	High	Medium	Long term	<b>No Change</b> – The third tender for FY 2023 saw a 2.2% increase in like-for-like prices compared to the second tender, reversing the trend of the previous two tenders. An upward movement of prices in the 2ct to 10ct size ranges, as a likely result of the festive season and easing of lockdown restrictions in China, more than offset softer pricing in the 0.75ct to 2ct ranges. While some volatility is expected in pricing in the short-term given the ongoing macroeconomic situation, we remain encouraged by the supportive diamond market resulting from the projected supply deficit in the medium to longer term.
<b>2. Currency</b>	High	Medium	Long term	<b>No change</b> - The ZAR/USD rate weakened during H1 FY 2023, opening at R16.44 and ending the six-month period at R17.00 and this provided some support for Petra. The IMF's recent positive sentiments on global growth (as China eases its zero-COVID policies and greater resilience is shown to impact higher inflation/interest rates despite the ongoing war in Ukraine) may drive the strength of emerging market currencies, though this remains to be seen for South Africa's Rand.
<b>3. Country and political</b>	High	Medium	Long term	<b>No change</b> – The risk of political instability remains in South Africa. In addition, rolling blackouts as a result of load-shedding (electricity outages), continue due to the inability of South Africa's electricity provider to service the population and businesses.  It has come to our attention that a portion of the c.71kct parcel seized by the Government of Tanzania ("GoT") in 2017 has recently been sold. The proceeds of this parcel are required to be allocated to WDL under the Framework Agreement with the GoT. We are engaging with the GoT to confirm the application of the Blocked Parcel proceeds.
<b>4. COVID-19 pandemic (operational impact)</b>	Medium	Low	Short to medium term	<b>No change</b> – Despite the emergence of a new, more transmissible sub-variant, COVID-19 levels at Petra's operations have remained low during H1 FY 2023. The impact of COVID 19 infections continues to have no significant effect on our operations or sales processes at this time.
<b>Strategic Risks</b>				
<b>5. Group Liquidity</b>	Medium	Medium	Short to long term	<b>Higher</b> - Whilst the Group's balance sheet was strengthened through the repurchase of the Company's loan notes totalling US\$145m, resulting in annual interest savings of c. US\$14 million, the Group has experienced operational challenges, including lower grades experienced at the Cullinan Mine which are now expected to

continue through FY 2024 and lower tonnes mined at Finsch in H1 FY 2023, which impact Petra's liquidity position.

A number of ongoing mitigating actions are being taken to address these challenges. Halting operations at Koffiefontein and placing the mine on care and maintenance will have a positive impact on liquidity for the Group.

<b>6. Licence to operate: regulatory and social impact &amp; community relations</b>	Medium	High	Long term	<p><b>Higher</b> – In light of operations at Koffiefontein having ceased and consultations taking place regarding placing the mine on care and maintenance, increasing community tensions have led to disagreements on the viability and delivery of certain projects that are required to be implemented under Social and Labour Plans. Management has conducted extensive engagements between local communities, the DMRE and the local municipality to resolve these issues.</p> <p>At Williamson, the IGM became operational at the end of November 2022 with the commencement of the pilot scheme.</p> <p>Whilst no fatalities or serious injuries were reported after the TSF breach at Williamson, the livelihoods of a number of community members were affected. An assessment of the impact on the surrounding communities and potential remediation is currently nearing completion. The TSF breach has resulted in WDL providing immediate humanitarian relief to those affected and work is underway to develop an Entitlement Framework that will enable community members who have been impacted by the TSF breach to be appropriately compensated.</p>
<b>Operating Risks</b>				
<b>7. Mining; production (including ROM grade and product mix volatility)</b>	Medium	High	Long term	<p><b>Higher</b> – Lower grades at the Cullinan Mine are now expected to continue through FY 2024. This is attributable to the C-Cut cave maturity as the cave progresses from SW to NE and the earlier than anticipated waste ingress from the overlying depleted mining blocks. Several mitigating actions are underway to address these grade issues, including:</p> <ul style="list-style-type: none"> <li>• Tailings treatment has been optimised but is not in isolation sufficient to address the grade reduction.</li> <li>• The re-opening of Tunnels 36 (which has already commenced) and 41 and the establishment of Tunnels 46 and 50 (the development of which have recently been approved by the Board) will provide additional volume from FY 2025 and more than offset the impact of lower grades in FY 2023/24.</li> <li>• Production from the CC1E project will contribute meaningfully from FY 2025 and is expected to see grades move back towards 40cph.</li> </ul> <p>Finsch's production target fell short of guidance largely attributable to low machine availability owing to an ageing underground fleet, challenges with the centralised blasting system and emulsion quality and an extended rock-winder breakdown.</p> <p>As noted above, production at Williamson has been suspended for the remainder of FY 2023 due to the TSF breach and a restart is reliant on the implementation of an interim TSF, with operations anticipated to restart in Q1 FY 2024.</p> <p>Operations at Koffiefontein have ceased in light of consultations to place the mine on care and maintenance.</p> <p>As a result of the above events, Group production guidance has been lowered to c. 2.8 Mcts for FY 2023 and 3.0 to 3.3 Mcts for FY 2024.</p>
<b>8. Labour relations</b>	Medium	Medium	Short to medium term	<p><b>No Change</b> – Stable labour relations were experienced at all operations throughout H1 FY23. For FY 2023, the Group has introduced a quarterly production bonus scheme for lower band employees to ensure alignment with other incentive structures across the Group.</p> <p>A Collective Bargaining Agreement with TAMICO, the majority union at Williamson, was signed in November 2022.</p>

A statutory consultation process is underway with employees regarding placing Koffiefontein in care and maintenance which would result in the retrenchment of the mine's workforce.

<b>9. Safety</b>	Medium	Medium	Short to medium term	<b>Higher</b> – LTIFR and LTIs marginally increased to 0.19 and 7 respectively in comparison to H1 FY 2022. FY 2023 YTD safety indicators show a declining trend. Remedial actions and behaviour intervention programmes with various focus areas have been launched to address this trend.
<b>10. Environment</b>	Medium	Medium	Long term	<b>Higher</b> – Following the TSF breach at Williamson on 7 November 2022, significant work has been undertaken to contain the breach, determine the extent of the environmental impact and commence environmental remediation. An investigation is being conducted to determine the root cause of the TSF breach. WDL continues to engage with Tanzania's environmental regulator (National Environment Management Council) regarding the breach.  No significant changes in terms of environmental impacts were observed for the SA operations in H1 FY2023.
<b>11. Climate Change</b>	High	Medium	Long term	<b>No Change</b> – Management continues to monitor progress against annual climate change targets set for on-mine water and electricity consumption and efficiency.  Petra is looking to formulate and implement a renewables strategy that will be key in enabling Petra to reach its 2030 interim target of a 35-40% reduction in Scope 1 & 2 emissions (against Petra's 2019 baseline).
<b>12. Supply Chain Governance</b>	Medium	High	Short to medium term	<b>Higher</b> – Progress was made in the Supply Chain function to address various gaps which included: (1) reviewing the Group's Supply Chain policy to improve compliance, governance and risk management, (2) improving procurement, tender and supplier registration procedures and (3) filling critical roles in the function. An online due diligence platform, administered by an external third party, went live in December 2022 to improve the vetting and screening of suppliers.  An independent external expert was engaged to conduct a gap analysis of existing Supply Chain processes and systems and this has resulted in management formulating action plans to address areas that require improvement.
<b>13. Capital Projects</b>	Medium	High	Short to medium term	<b>Higher</b> – For the CC1E Project at the Cullinan Mine and the Lower Block 5 3 Levels SLC at Finsch, management have initiated various mitigating actions led by intensive safety inventions and expediting Trackless Mining Machinery and drill rig availability to address the risk of both projects falling behind project plans. Alternate labour sourcing strategies are also being considered.

**PETRA DIAMONDS LIMITED**  
**CONDENSED CONSOLIDATED INCOME STATEMENT**  
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2022

US\$ million	Notes	<b>(Unaudited)</b> <b>1 July 2022-</b> <b>31 December</b> <b>2022</b>	(Unaudited) 1 July 2021- 31 December 2021	(Audited) Year ended 30 June 2022
Revenue		<b>212.1</b>	264.7	585.2
Mining and processing costs		<b>(178.4)</b>	(152.9)	(391.5)
Other direct income / expense		<b>0.6</b>	0.3	(0.8)
Corporate expenditure including settlement costs	5	<b>(7.4)</b>	(5.2)	(14.1)
Other corporate income		<b>0.5</b>	0.6	0.6
Impairment (charge) / reversal of non-financial assets	15	<b>(0.3)</b>	(0.3)	21.1
Impairment (charge) / reversal of other receivables	15	<b>(3.5)</b>	0.4	(1.5)
<b>Total operating costs</b>		<b>(188.5)</b>	(157.1)	(386.2)
Financial income	6	<b>25.8</b>	11.4	19.0
Financial expense	6	<b>(52.8)</b>	(56.3)	(92.1)
<b>(Loss) / profit before tax</b>		<b>(3.4)</b>	62.7	125.9
Income tax charge		<b>(14.2)</b>	(13.6)	(37.8)
<b>(Loss) / profit for the Period</b>		<b>(17.6)</b>	49.1	88.1
Attributable to:				
Equity holders of the parent company		<b>(23.7)</b>	43.2	69.0
Non-controlling interest		<b>6.1</b>	5.9	19.1
		<b>(17.6)</b>	49.1	88.1
<b>Profit per share attributable to the equity holders of the parent during the Period:</b>				
Continuing operations:				
Basic (loss) / earnings per share – US cents	13	<b>(12.23)</b>	22.29	35.53
Diluted (loss) / earnings per share – US cents	13	<b>(12.23)</b>	22.29	35.53

**PETRA DIAMONDS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE 6 MONTH PERIOD ENDED 31 DECEMBER 2022

US\$ million	<b>(Unaudited)</b> <b>1 July 2022- 31 December 2022</b>	(Unaudited) 1 July 2021- 31 December 2021	(Audited) Year ended 30 June 2022
(Loss) / profit for the Period	<b>(17.6)</b>	49.1	88.1
Exchange differences on translation of the share-based payment reserve	—	—	(0.3)
Exchange differences on other reserves	—	—	—
Exchange differences on translation of foreign operations <sup>1</sup>	<b>(18.1)</b>	(44.6)	(46.8)
Exchange differences on non-controlling interest <sup>1</sup>	<b>(0.5)</b>	0.3	(0.4)
<b>Total comprehensive (loss) / income for the Period</b>	<b>(36.2)</b>	4.8	40.6
Total comprehensive income and expense attributable to:			
Equity holders of the parent company	<b>(41.8)</b>	(1.4)	21.9
Non-controlling interest	<b>5.6</b>	6.2	18.7
	<b>(36.2)</b>	4.8	40.6

<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 2022

US\$ million	Notes	(Unaudited) 31 December 2022	(Unaudited) 31 December 2021	(Audited) 30 June 2022
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	7	620.2	626.6	633.2
Right-of-use assets		20.0	26.8	21.9
BEE loans and receivables	11	38.2	43.1	44.6
Other receivables	2	5.1	1.8	2.6
<b>Total non-current assets</b>		<b>683.5</b>	698.3	702.3
<b>Current assets</b>				
Trade and other receivables		24.7	26.2	49.8
Inventories		81.7	97.5	70.6
Cash and cash equivalents (including restricted amounts)		146.6	272.3	288.2
<b>Total current assets</b>		<b>253.0</b>	396.0	408.6
<b>Total assets</b>		<b>936.5</b>	1,094.3	1,110.9
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital	12	145.7	145.7	145.7
Share premium account	12	609.5	959.5	959.5
Foreign currency translation reserve		(467.0)	(446.7)	(448.9)
Share-based payment reserve		2.8	1.9	1.9
Other reserves		(0.8)	(0.8)	(0.8)
Accumulated reserves / (losses)	12	142.7	(210.1)	(183.6)
<b>Attributable to equity holders of the parent company</b>		<b>432.9</b>	449.5	473.8
Non-controlling interest		0.5	(7.8)	4.7
<b>Total equity</b>		<b>433.4</b>	441.7	478.5
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Loans and borrowings	8	221.1	398.0	353.9
Provisions		97.3	96.0	97.7
Lease liabilities		17.8	23.6	19.2
Deferred tax liabilities		82.4	55.3	71.3
<b>Total non-current liabilities</b>		<b>418.6</b>	572.9	542.1
<b>Current liabilities</b>				
Loans and borrowings	8	20.6	27.3	12.3
Lease liabilities		3.0	3.2	3.2
Trade and other payables		56.5	49.2	74.8
Provisions	2	4.4	—	—
<b>Total current liabilities</b>		<b>84.5</b>	79.7	90.3
<b>Total liabilities</b>		<b>503.1</b>	652.6	632.4
<b>Total equity and liabilities</b>		<b>936.5</b>	1,094.3	1,110.9

**PETRA DIAMONDS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**  
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2022

US\$ million	Notes	<b>(Unaudited)</b> <b>1 July 2022-</b> <b>31 December</b> <b>2022</b>	(Unaudited) 1 July 2021- 31 December 2021	(Audited) Year ended 30 June 2022
<b>(Loss) / profit before taxation for the Period</b>		<b>(3.4)</b>	62.7	125.9
Depreciation of property plant and equipment		<b>40.5</b>	42.9	82.8
Amortisation of right-of-use asset		<b>1.9</b>	0.6	2.5
Impairment charge – non financial assets	15	<b>0.3</b>	0.3	(21.1)
Impairment charge / (reversal) – other receivables	15	<b>3.5</b>	(0.4)	1.5
Movement in provisions		<b>4.3</b>	(3.3)	1.6
Dividend received from BEE partner		<b>(0.5)</b>	(0.6)	(0.6)
Financial income	6	<b>(25.8)</b>	(11.4)	(19.0)
Financial expense	6	<b>52.8</b>	56.3	92.1
Profit on disposal of property, plant and equipment		—	0.1	1.5
Share based payment provision		<b>0.9</b>	0.1	1.1
<b>Operating profit before working capital changes</b>		<b>74.5</b>	147.3	268.3
Decrease / (increase) in trade and other receivables		<b>15.7</b>	25.3	(7.1)
(Decrease) / increase in trade and other payables		<b>(15.0)</b>	(2.2)	24.5
Increase in inventories		<b>(12.6)</b>	(29.5)	(1.7)
<b>Cash generated from operations</b>		<b>62.6</b>	140.9	284.0
Net realised gains on foreign exchange contracts		<b>4.1</b>	8.7	12.6
Finance expense		<b>(0.4)</b>	(4.4)	(6.3)
Income tax received / (paid)		<b>0.3</b>	(0.4)	(7.8)
<b>Net cash generated from operating activities</b>		<b>66.6</b>	144.8	282.5
<b>Cash flows from investing activities</b>				
Acquisition of property, plant and equipment		<b>(50.9)</b>	(18.5)	(54.0)
Proceeds from sale of property, plant and equipment		—	0.1	—
Loan repayment from BEE partners		—	0.4	0.2
Dividend paid to BEE partners		<b>(2.7)</b>	(3.5)	(3.5)
Dividend received from BEE partners		<b>0.5</b>	0.6	0.6
Repayment from KEMJV		<b>0.3</b>	1.9	2.5
Finance income		<b>1.7</b>	0.5	1.3
<b>Net cash utilised in investing activities</b>		<b>(51.1)</b>	(18.5)	(52.9)
<b>Cash flows from financing activities</b>				
Cash paid on lease liabilities		<b>(2.4)</b>	(0.8)	(3.2)
Net realised foreign exchange loss on settlement of foreign currency loans		<b>(11.8)</b>	—	—
Repayment of borrowings (including Notes redemption premium of US\$1.4 million; 31 December 2021: US\$nil; 30 June 2022: US\$nil)	8	<b>(146.1)</b>	(14.4)	(98.2)
<b>Net cash utilised by financing activities</b>		<b>(160.3)</b>	(15.2)	(101.4)
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(144.8)</b>	111.1	128.2
Cash and cash equivalents at beginning of the Period		<b>271.9</b>	156.9	156.9
Effect of exchange rate fluctuations on cash held		<b>3.3</b>	(11.3)	(13.2)
<b>Cash and cash equivalents at end of the Period<sup>1</sup></b>		<b>130.4</b>	256.7	271.9

1. Cash and cash equivalents in the Consolidated Statement of Financial Position includes restricted cash of US\$16.2 million (30 June 2022: US\$16.3 million and 31 December 2021: US\$15.6 million) and unrestricted cash of US\$130.4 million (30 June 2022: US\$271.9 million and 31 December 2021: US\$256.7 million).

**PETRA DIAMONDS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2022

(Unaudited)	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Accumulated reserves / (losses)	Attributable to the parent	Non-controlling interest	Total equity
US\$ million									
Six month Period ending 31 December 2022:									
At 1 July 2022	145.7	959.5	(448.9)	1.9	(0.8)	(183.6)	473.8	4.7	478.5
(Loss) / profit for the Period	—	—	—	—	—	(23.7)	(23.7)	6.1	(17.6)
Other comprehensive (expense) / income	—	—	(18.1)	—	—	—	(18.1)	(0.5)	(18.6)
Conversion of share premium (refer note 12)	—	(350.0)	—	—	—	350.0	—	—	—
Dividend paid to Non-controlling interest shareholders	—	—	—	—	—	—	—	(9.8)	(9.8)
Equity settled share based payments	—	—	—	0.9	—	—	0.9	—	0.9
<b>At 31 December 2022</b>	<b>145.7</b>	<b>609.5</b>	<b>(467.0)</b>	<b>2.8</b>	<b>(0.8)</b>	<b>142.7</b>	<b>432.9</b>	<b>0.5</b>	<b>433.4</b>

**PETRA DIAMONDS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2022

(Unaudited)	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	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
At 31 December 2021	145.7	959.5	(446.7)	1.9	(0.8)	(210.1)	449.5	(7.8)	441.7

**PETRA DIAMONDS LIMITED**  
**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2022

(Unaudited)	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Accumulated losses	Attributable to the parent	Non-controlling interest	Total equity
US\$ million									
Year ended 30 June 2022:									
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 Year	—	—	—	—	—	69.0	69.0	19.1	88.1
Other comprehensive expense	—	—	(46.8)	(0.3)	—	—	(47.1)	(0.4)	(47.5)
Dividend paid to Non-controlling interest shareholders	—	—	—	—	—	—	—	(3.5)	(3.5)
Equity settled share based payments	—	—	—	1.1	—	—	1.1	—	1.1
Transfer between reserves:	—	—	—	(0.7)	—	0.7	—	—	—
At 30 June 2022	145.7	959.5	(448.9)	1.9	(0.8)	(183.6)	473.8	4.7	478.5

## **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2022**

### **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 2022 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 2022, and any public announcements made by the Group during the interim reporting period. The annual financial report for the year ended 30 June 2022 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 2022 unless otherwise noted.

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

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

The six-month period to 31 December 2022 delivered US\$77.4 million in adjusted EBITDA and US\$11.7 million in operational free cash flow for the Group, while Consolidated Net Debt reduced from \$40.6 million as at 30 June 2022 to US\$90.2 million at 31 December 2022.

##### **Production**

The first half of FY23 saw all of the Petra operations deal with operational challenges. The Cullinan Mine experienced lower grades in the block cave on account of accelerated waste ingress, resulting in lower ROM carats being recovered, while also lowering the ROM carats production for the remainder of FY23 and FY24. Several mitigation steps are currently being investigated to minimise the impact of the lower grade. These include re-opening of T36 & T41, while also evaluating the addition of two more tunnels (T46&T50) adjacent to the current C-Cut centre.

Finsch experienced production challenges as a result of machine availability owing to an aging underground fleet, challenges with the centralised blasting system and emulsion quality and an extended rock-winder breakdown. Several mitigation steps were implemented at Finsch, such as new underground equipment being delivered and commissioned, coupled with positive changes to the blasting process, the introduction of new long hole drill rigs and Load Haul Dump (LHDs) loaders as well as the appointment of individuals to a number of key positions. Furthermore, the 3-Level SLC project scope was amended to 90L, which adds additional production tonnes to the Life of Mine plan. The mitigation steps undertaken are expected to limit the lower production to FY23, with FY24 expected to deliver as per previous guidance, while the new project is expected to add value beyond this Going Concern assessment period. Williamson performed well throughout FY2023 until the Tailings Storage Facility incident in the first week of November 2022. Production has been suspended until the new tailings storage facility is completed. It is assumed that production will only commence in July 2023. Progress is also being made in closing out the Framework Agreement with the Government of Tanzania and the MoU with Caspian).

Following the unsuccessful sales process during the Period, production at Koffiefontein was stopped in November 2022 and the operation has subsequently been placed on care and maintenance.

##### **Diamond prices and diamonds market**

Diamond prices continued their upward trend, with a 12.7% increase on a like-for-like basis compared H1 FY22. While the Cullinan Mine did not contribute revenue from exceptional stones (>US\$5.0 million), it has generated a robust \$/ct price on account of a strong product mix, including several high value single stones that did not individually breach the US\$5.0 million threshold.

Diamond prices are now the highest since the peaks experienced in 2011/2012. In general, the market continues to be supported by a fundamental supply deficit, with robust demand recovery experienced post COVID-19. From a demand perspective, the Chinese lockdown had potentially moderated demand for certain categories of polished goods, while the rising inflation and interest rate cycles may impact disposable income and therefore further moderate/reduce short-term demand for diamonds. This may lead to some short-term price volatility, but the medium-long term supply/demand fundamentals are expected to support the diamond price outlook.

#### Williamson framework agreement and MoU

The Group announced that it had entered into a framework agreement with the Government of Tanzania in December 2021, which sets out key principles on the economic benefit sharing amongst WDL shareholders, treatment of outstanding VAT balances, the allocation of proceeds of 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 will become effective upon completion of certain suspensive conditions. At the same time, Petra also announced entering into a non-binding Memorandum of Understanding (MoU) with Caspian Ltd to sell 50% (less 1 share) of Petra's indirect stake in WDL for a purchase consideration of US\$15 million.

#### Bond tender offer and South African banking facilities

During the Period, the Group carried out a successful tender offer to its Noteholders, repaying the Noteholders US\$144.6 million (principal plus interest), utilising existing cash reserves at the time, resulting in the deleveraging of the gross debt balances within the Group.

The Group's ZAR 1 billion senior Revolving Credit Facility (RCF) facility remains undrawn at 31 December 2022, with the Group having access to the full ZAR 1 billion (US\$58.8 million).

The factors above, coupled with the further significant progress towards stabilising the Group's balance sheet positions the Group well for this Going Concern period.

#### Forecast liquidity and covenants

The Board has reviewed the Group's forecasts with various sensitivities applied for the 18 months to June 2024, 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. The following sensitivities have been performed in assessing the Group's ability to operate as a going concern (in addition to the Base Case) at the date of this report:

- a 10% decrease in forecast rough diamond prices from January 2023 to June 2024
- a 10% strengthening in the forecast South African Rand (ZAR) exchange rate from January 2023 to June 2024
- a 5% increase in Operating Costs from July 2022 to Dec 2023
- a US\$15 million reduction in revenue contribution from the effects of product mix and/or from Exceptional Stones
- Combined sensitivity: Prices down 10% and ZAR stronger by 10% and Exceptional Stones contributions reduced by US\$15 million and Operating Costs up 5%

Under all the cases, the forecasts indicate the Group's liquidity outlook over the 18-month period to June 2024 remains strong, even when applying the above 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 for the base case as well as all the above sensitivities, except for the worse case combined sensitivity, which shows a covenant breach for the required interest cover ratio in the June 2024. While the ICR is projected to be breached in this combined sensitivity, both the Net Debt : EBITDA covenant and the liquidity covenant remain healthy, while the RCF remains undrawn. It is therefore assumed that the RCF remains available,



with the 1L lender assumed to agree to an ICR covenant waiver, given that the Group does not expect to utilise the RCF for servicing of its 2L interest obligations. Furthermore, this potential ICR breach may be cured by means of cost savings and revenue enhancing opportunities through entering into partnership agreements on the sale of Exceptional stones.

#### *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 2022 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 2022 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 Mines***

The impairment tests for the Cullinan, Finsch and Williamson Mines indicated no further impairment charges or reversals 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\$615.3 million (pre-impairment). This follows US\$21.1 million impairment reversal recognised at 30 June 2022 (comprising Koffiefontein impairment charge of US\$0.3 million and a Group level impairment reversal relating to Williamson, previously recognised under IFRS 5, of US\$21.4 million as Williamson was no longer considered an asset held for sale.) on a carrying value of the Group's property, plant and equipment of US\$608.2 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\$12.5 million (30 June 2022: US\$12.5 million and 31 December 2021: US\$10.6 million) in the Statement of Financial Position in respect of the Williamson mine's confiscated diamond parcel. The diamond inventory parcel was written up from the net realisable value of prior periods to historical cost during FY2022. The recommencing of operations and the sales tenders at Williamson during the FY 2022 provided additional information for management to assess the value of the diamond parcel and was the basis used to revalue the diamond parcel to the lower of cost or net realisable value. 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 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 GoT agrees to allocate proceeds from the sale of the Parcel to Williamson Diamonds Limited ("WDL"). Post period end, the Company was informed that a portion of the Parcel was sold and the Company is engaging with the GoT to confirm the application of the proceeds. For further details refer to note 18.

While these engagements between the Company and the GoT are ongoing, 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, WDL will derive future economic benefit from the sale proceeds of the parcel (both the portion already sold and any portion that is yet to be sold).

### **Recoverability of VAT in Tanzania**

The Group has VAT receivable of US\$5.1 million (30 June 2022: US\$2.6 million and 31 December 2021: US\$1.8 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 2022, can be split into two identifiable component time periods as set out below:

31 December 2022

US\$ million	VAT Receivable	Provision	Carrying value
Pre July 2017 and Post June 2020	14.6	(9.5)	5.1
	14.6	(9.5)	5.1

31 December 2021

US\$ million	VAT Receivable	Provision	Written off	Carrying value
July 2017 to June 2020	26.9	—	(26.9)	—
Pre July 2017 and Post June 2020	4.4	(2.6)	—	1.8
	31.3	(2.6)	(26.9)	1.8

30 June 2022

US\$ million	VAT Receivable	Provision	Written off	Carrying value
July 2017 to June 2020	26.9	—	(26.9)	—
Pre July 2017 and Post June 2020	8.6	(6.0)	—	2.6
	35.5	(6.0)	(26.9)	2.6

#### **Pre July 2017 and Post June 2020**

An amount of US\$14.6 million (30 June 2022: US\$8.6 million and 31 December 2021: US\$4.4 million) of VAT is receivable for the period for the period pre July 2017 and subsequent to 1 July 2020. The Group is considering various alternatives in pursuing payment in accordance with legislation. A provision of US\$9.5 million (30 June 2022: US\$6.0 million and 31 December 2021: US\$2.6 million), given the uncertainty around the timing of receipts of the amount outstanding, has been provided for against the US\$14.6 million (30 June 2022: US\$8.6 million and 31 December 2021: US\$4.4 million) receivable resulting in a carrying value of US\$5.1 million (30 June 2022: US\$2.6 million and 31 December 2021: US\$1.8 million).

While the remaining pre July 2017 and post 1 July 2020 VAT balance is considered recoverable, significant uncertainty exists regarding the timing of receipt. A discount rate of 14.00% inclusive of estimated country credit risk has been applied to the expected cash receipts. A 1% increase in the discount rate would increase the provision by US\$0.3 million and a one year delay would increase the provision by US\$0.6 million.

During the Period, an impairment charge of US\$3.5 million (30 June 2022: US\$4.1 million and 31 December 2021: US\$0.7 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, no expected credit loss reversal was recognised in the respective periods. For further detail refer to note 11.

#### **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. Refer to note 15 for further detail on the assumptions.

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.

#### *Williamson Tailings Storage Facility*

On 7 November 2022, the tailings storage facility at the Williamson mine was breached, resulting in flooding away from the pit which has extended into certain areas outside of the mine lease area. As a result, remediation costs relating to the incident have been incurred during the Period and additional costs will be incurred going forward. The remediation costs comprise establishing the root cause of the failure, humanitarian relief to the affected community, livelihood and environmental restoration and costs to repair. Judgement has been applied by Management in assessing the future remediation costs. Management have considered the current work streams, the estimated time of completion and appropriate information received from suppliers and contractors involved in the remediation process.

In H1 FY2023, US\$4.4 million of costs, comprising management's best estimate based on the current information available, has been provided for in respect of ongoing remediation costs.

#### **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 2022 Annual Report and will be discussed in further detail in the FY 2023 Annual Report:

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

### **3. DIVIDENDS**

No dividends have been declared in respect of the current Period under review (30 June 2022: US\$nil and 31 December 2021: 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.

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 Mine	Finsch	Koffiefontein	Williamson	Corporate and treasury	Beneficiation <sup>3</sup>	Inter-segment	
US\$ million	1 July 2022 - 31 December 2022	1 July 2022 - 31 December 2022	1 July 2022 - 31 December 2022	1 July 2022 - 31 December 2022	1 July 2022 - 31 December 2022	1 July 2022 - 31 December 2022	1 July 2022 - 31 December 2022	1 July 2022 - 31 December 2022
(6 month period ended 31 December 2022)								
Revenue	104.1	55.4	3.6	49.1	—	0.5	(0.6)	212.1
Segment result <sup>1</sup>	42.8	10.1	(8.4)	(9.4)	(7.6)	0.5	(1.7)	26.3
Impairment charge – operations	—	—	(0.3)	—	—	—	—	(0.3)
Impairment charge – other receivables	—	—	—	(3.5)	—	—	—	(3.5)
Other direct income	—	0.5	—	0.1	0.5	—	—	1.1
Operating profit / (loss) <sup>2</sup>	42.8	10.6	(8.7)	(12.8)	(7.1)	0.5	(1.7)	23.6
Financial income								25.8
Financial expense								(52.8)
Income tax charge								(14.2)
Non-controlling interest								(6.1)
Profit attributable to equity holders of the parent company								(23.7)
Segment assets	446.7	203.2	4.7	124.5	3,189.5	5.7	(3,037.8)	936.5
Segment liabilities	343.3	117.4	22.6	64.4	2,097.5	6.5	(2,148.6)	503.1
Capital expenditure	23.3	23.1	0.3	3.2	2.0	—	—	51.9

<sup>1</sup> Total depreciation of US\$40.5 million included in the segmental result comprises depreciation incurred at the Cullinan Mine US\$23.0 million, Finsch US\$9.1 million, Koffiefontein US\$0.1 million, Williamson US\$8.0 million and Corporate and treasury US\$0.3 million.

<sup>2</sup> Operating profit is equivalent to revenue of US\$212.1 million less total costs of US\$188.5 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	United Kingdom	South Africa		Consolidated
	Cullinan Mine	Finsch	Koffiefontein	Williamson	Corporate and treasury	Beneficiation <sup>3</sup>	Inter-segment	
US\$ million								
(6 month period ended 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	1 July 2021 - 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	(2,171.6)	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 the Cullinan Mine 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	United Kingdom	South Africa		Consolidated
	Cullinan Mine	Finsch	Koffiefontein	Williamson	Corporate and treasury	Beneficiation <sup>3</sup>	Inter-segment	
US\$ million	2022	2022	2022	2022	2022	2022	2022	2022
(12 month period ended 30 June 2022)								
Revenue <sup>1</sup>	322.4	165.7	21.5	75.9	—	2.2	(2.5)	585.2
Segment result <sup>2</sup>	154.4	34.8	(13.8)	22.2	(14.1)	0.4	(4.3)	179.6
Impairment charge – operations	—	—	(0.3)	21.4	—	—	—	21.1
Impairment reversal / (charge) – other receivables	—	—	—	(4.1)	2.6	—	—	(1.5)
Other direct income	(0.7)	(0.4)	0.2	0.1	0.6	—	—	(0.2)
Operating profit / (loss) <sup>2</sup>	153.7	34.4	(13.9)	39.6	(10.9)	0.4	(4.3)	199.0
Financial income								19.0
Financial expense								(92.1)
Income tax charge								(37.8)
Non-controlling interest								(19.1)
Profit attributable to equity holders of the parent company								69.0
Segment assets	463.9	229.8	6.0	123.2	3,575.2	5.1	(3,292.3)	1,110.9
Segment liabilities	384.0	111.2	17.1	75.1	2,430.1	5.9	(2,391.0)	632.4
Capital expenditure	35.0	12.0	0.6	3.3	1.6	—	(0.3)	52.2

<sup>1</sup> The Group's revenue comprises the sale of rough diamonds and polished stones. The sale of rough diamonds contributed US\$581.9 million with polished stones contributing US\$3.3 million. Included within the US\$3.3 million polished stones contribution is US\$1.1 million from a profit share agreement.

<sup>2</sup> Total depreciation of US\$82.8 million included in the segmental result comprises depreciation incurred at the Cullinan Mine US\$52.5 million, Finsch US\$24.4 million, Koffiefontein US\$0.3 million, Williamson US\$5.0 million and Corporate and treasury US\$0.6 million.

<sup>3</sup> Operating profit is equivalent to revenue of US\$585.2 million less total costs of US\$386.2 million as disclosed in the Consolidated Income Statement.

<sup>4</sup> The beneficiation segment represents Tarorite, a cutting and polishing business in South Africa, which can on occasion cut and polish select rough diamonds.



US\$ million	1 July 2022 - 31 December 2022	1 July 2021 - 31 December 2021	1 July 2021 - 30 June 2022
<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	0.2
London Stock Exchange and other regulatory expenses	0.6	0.8	1.5
Transaction costs – redemption of Notes	0.8	—	—
Settlement (reversal) / costs – human rights claims at Williamson	—	(0.2)	(0.8)
Share-based expense - Directors	0.9	0.1	1.1
Other staff costs	2.4	1.4	5.1
<b>Total staff costs</b>	<b>3.3</b>	<b>1.5</b>	<b>6.2</b>

## 6. FINANCING EXPENSE

US\$ million	1 July 2022 - 31 December 2022	1 July 2021 - 31 December 2021	1 July 2021 - 30 June 2022
Net unrealised foreign exchange gains	1.6	—	—
Interest received on BEE loans and other receivables	2.1	2.1	4.1
Interest received bank deposits	1.7	0.5	1.3
Realised foreign exchange gains on the settlement of foreign loans and forward exchange contracts	20.4	8.8	13.6
<b>Financial income</b>	<b>25.8</b>	<b>11.4</b>	<b>19.0</b>
Gross interest on senior secured second lien notes, bank loans and overdrafts	(13.6)	(23.8)	(45.3)
Other debt finance costs, including facility fees and IFRS 16 charges	(1.3)	(0.8)	(2.3)
Unwinding of present value adjustment for rehabilitation costs	(1.6)	(3.0)	(5.4)
Net unrealised foreign exchange losses <sup>1</sup>	—	(28.7)	(36.5)
Notes redemption premium and acceleration of unamortised bank facility and Notes costs <sup>2</sup>	(8.2)	—	(1.6)
Realised foreign exchange losses on the settlement of foreign loans and forward exchange contracts	(28.1)	—	(1.0)
<b>Financial expense</b>	<b>(52.8)</b>	<b>(56.3)</b>	<b>(92.1)</b>
<b>Net financial expense</b>	<b>(27.0)</b>	<b>(44.9)</b>	<b>(73.1)</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 ZAR16.27 (30 June 2022) to ZAR17.00 (31 December 2022) resulted in an unrealised gain of US\$1.6 million (30 June 2022: US\$36.5 million unrealised loss and 31 December 2021: US\$28.7 million unrealised loss) comprising an unrealised gain on foreign exchange contracts held at Period end of US\$1.9 million (30 June

2022: US\$0.7 million and 31 December 2021: US\$0.1 million) and losses on inter-group foreign denominated loans of US\$0.3 million (30 June 2022: US\$37.2 million and 31 December 2021: US\$28.8 million); and a net realised foreign exchange loss of US\$7.7 million (30 June 2022: US\$12.6 million realised gain and 31 December 2021: US\$8.8 million realised gain) comprising US\$20.4 million (30 June 2022: US\$13.6 million and 31 December 2021: US\$8.8 million) in respect of foreign exchange contracts closed during the Period and US\$28.1 million in respect of realised foreign exchange losses on settlement of foreign loans, is included in the net finance and expense amount.

<sup>2</sup> The Notes redemption premium and acceleration of unamortised bank facility and Notes costs of US\$8.2 million relate to the costs associated with the tender offer to Noteholders during the Period (30 June 2022: early settlement of RCF), comprising unamortised upfront costs of US\$6.8 million (31 December 2021: US\$nil and 30 June 2022: US\$1.6 million) previously capitalised and the make-whole premium of US\$1.4 million.

## 7. PROPERTY, PLANT AND EQUIPMENT

The net movement in property, plant and equipment for the Period is a decrease of US\$13.0 million (30 June 2022: US\$63.6 million decrease and 31 December 2021: US\$70.2 million decrease). This is primarily as a result of:

US\$ million	1 July 2022 - 31 December 2022	1 July 2021 - 31 December 2021	1 July 2021 - 30 June 2022
As at 1 July	633.2	696.8	696.8
Foreign exchange movement	(24.8)	(75.4)	(83.4)
Additions	51.9	16.7	52.2
Reconsolidation of non-current assets held for sale (including reversal of IFRS 5 impairment) relating to Williamson	—	31.2	52.6
Change in rehabilitation assets	0.7	0.8	—
Depreciation	(40.5)	(42.9)	(82.8)
Impairments	(0.3)	(0.3)	(0.3)
Disposals	—	(0.3)	(1.9)
As at 30 June	620.2	626.6	633.2

## 8. LOANS AND BORROWINGS

US\$ million	31 December 2022	31 December 2021	30 June 2022
<b>Non-current liabilities</b>			
Loans and borrowings – Senior secured second lien notes	221.1	346.4	353.9
Loans and borrowings – Senior secured lender debt facilities	—	51.6	—
	221.1	398.0	353.9
<b>Current liabilities</b>			
Loans and borrowings – senior secured lender debt facilities	20.6	27.0	12.3
Loans and borrowings – premium financing	—	0.3	—
	20.6	27.3	12.3
Total loans and borrowings - bank facilities	241.7	425.3	366.2

## Significant non-cash transactions

US\$ million	1 July 2022 - 31 December 2022	1 July 2021 - 31 December 2021	1 July 2021 - 30 June 2022
<b>Senior secured second lien notes and secured debt facilities:</b>			
As at 1 July	366.2	430.2	430.2
Cash payments	(144.6)	(18.7)	(103.7)
Non-cash:			
Acceleration of unamortised transaction costs	6.8	—	(1.6)
Interest accrued during the period	13.3	25.0	44.4
Effect of foreign exchange	—	(11.2)	(3.1)
	<b>241.7</b>	<b>425.3</b>	<b>366.2</b>

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

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

On 27 September 2022, the Group repaid, through a debt tender offer to Noteholders, an amount of US\$143,627,622, comprising the principal amount of US\$125,590,338 and PIK interest of US\$18,037,284. On 12 October 2022 a further US\$1,000,667 was repaid to Noteholders comprising the principal amount of US\$875,000 and PIK interest of US\$125,667. The principal amount of Notes outstanding after the repayments to Noteholders is US\$210,190,662. Cash costs of US\$1,446,283 relating to the repayment of Noteholders have been expensed in the Consolidated Income Statement under finance expense (refer to Note 6).

The Group performed an assessment under its accounting policies and the requirements of IFRS 9 as to whether the debt tender offer to the Noteholders represented a substantial modification. A qualitative test was performed which determined the terms of the Notes, repayment profile and interest rate were not amended or modified as part of the tender offer process therefore, no substantial modification was relevant.

The remaining costs associated with issuing the Notes of US\$13.9 million, after adjusting for the acceleration of US\$6.8 million of unamortised costs associated with the debt tender offer to Noteholders which have been expensed through profit and loss within net finance expense (refer to note 6) have been capitalised against the principal amount and US\$11.5 million remains unamortised as at 31 December 2022 (30 June 2022: US\$18.5 million and 31 December 2021: US\$19.4 million). Interest of US\$43.0 million has been accrued as at 31 December 2022.

Further details about the Notes (including security) have been included in the Group's FY 2022 Annual Report.

#### b) Senior Secured Lender Debt Facilities

In June 2022, the Group restructured its existing banking facilities providing for more favourable terms than the Group's current first lien facilities and resulting in Absa Corporate and Investment Banking ("Absa") becoming the Group's banking partner under the new banking facilities.

A new Revolving Credit Facility ("RCF") of ZAR1 billion (US\$58.8 million) with Absa replaced the previous RCF and term lending arrangements with the previous South African lender syndicate comprising Absa, Nedbank, RMB and NinetyOne.

The terms under the RCF are:

- maturity date December 2025 with a 60 day buffer between the redemption of the Notes and the maturity of the RCF;
- interest rate of SA JIBAR + 4.15% per annum (with the margin to be reconsidered annually based on Petra's credit metrics with a view of further optimising the margin to be achieved) and
- certain covenant ratios as mentioned below.

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

<b>Senior Lender Debt Facilities</b>	<b>31 December 2022</b>	31 December 2021	30 June 2022
	<b>Facility amount</b>	Facility amount	Facility amount
<b>ZAR Debt Facilities:</b>			
ZAR Lenders RCF	<b>ZAR1.0 billion</b>	ZAR408.8 million	ZAR1.0 billion
ZAR Lenders Term loan	<b>ZAR nil</b>	ZAR876.4 million	ZAR nil
Absa/RMB – FX Hedging facilities	<b>ZAR300 million</b>	ZAR150 million	ZAR300 million

The terms and conditions of the Group facilities are detailed in the Group's FY 2022 Annual Report.

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

As at date of this report, the RCF was undrawn and ZAR1.0 billion (US\$58.8 million) remained available for drawdown. During FY2022, the Company paid ZAR404.6 million (US\$24.9 million) (capital plus interest) to settle the old RCF and ZAR893.2 million (US\$54.9 million) (capital plus interest) to settle the previous Term Loan.

#### Covenant ratios

As part of the revised RCF facility entered into with ABSA in FY2022, the Company is required:

- to maintain a Net Debt : Adjusted EBITDA ratio tested semi-annually on a rolling 12-month basis;
- to maintain an Interest Cover Ratio tested semi-annually on a rolling 12-month basis and
- to maintain minimum 12 month forward looking liquidity requirement that consolidated cash and cash equivalents (excluding diamond debtors) shall not fall below US\$20.0 million.

The Company's new covenant levels for the respective measurement periods are outlined below:

	FY22 H2	FY23 H1	FY23 H2	FY24 H1	FY24 H2	FY25 H1	FY25 H2	FY26 H1
Consolidated net debt : EBITDA								
Leverage ratio ( <i>maximum</i> )	4.00	4.00	3.50	3.50	3.25	3.25	3.00	3.00
	1.85	1.85	2.50	2.50	2.75	2.75	3.00	3.00

The covenants were not in breach at the measurement date.

## 9. COMMITMENTS

As at 31 December 2022, the Company had committed to future capital expenditure totalling US\$55.1 million (30 June 2022: US\$49.5 million and 31 December 2021: US\$33.8 million), mainly comprising the Cullinan Mine US\$30.1 million (30 June 2022: US\$25.2 million 31 December 2021: US\$25.3 million), Finsch US\$24.8 million (30 June 2022: US\$23.7 million 31 December 2021: US\$8.3 million), Koffiefontein US\$nil (30 June 2022: US\$0.3 million 31 December 2021: US\$0.2 million) and Williamson US\$0.2 million (30 June 2022: US\$0.3 million and 31 December 2021: 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 2022 (%)	Partner and respective interest as at 31 December 2021 (%)	Partner and respective interest as at 30 June 2022 (%)
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 2022	31 December 2021	30 June 2022
<b>Non-current receivable</b>			
Kago Diamonds <sup>1</sup>	21.8	27.1	26.6
		27.1	26.6
<b>Current trade and other receivables</b>			
KEM JV <sup>2</sup>	3.3	5.5	3.7
Impairment provision <sup>2</sup>	(2.0)	(4.9)	(2.0)
	1.3	0.6	1.7
	1 July 2022 - 31 December 2022	1 July 2021 - 31 December 2021	1 July 2021 - 30 June 2022
<b>Finance income</b>			
Kago Diamonds	1.0	1.0	2.1
	1.0	1.0	2.1
<b>Dividend paid</b>			
Kago Diamonds <sup>3</sup>	1.2	1.3	1.3
	1.2	1.3	1.3

<sup>1</sup> The movement in the Kago Diamonds receivable of US\$4.8 million (30 June 2022: US\$6.9 million and 31 December 2021: US\$6.4 million) is mainly attributable to repayments received from Kago Diamonds during the Period totalling US\$3.6 million (30 June 2022: US\$nil and 31 December 2021: US\$nil) and a foreign exchange decrease of US\$1.2 million (30 June 2022: US\$4.1 million decrease and 31 December 2021: US\$3.6 million decrease).

<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\$1.3 million (30 June 2022: US\$1.7 million and 31 December 2021: US\$0.6 million) and the balance of the KEM JV purchase consideration of US\$nil (30 June 2022: US\$nil and 31 December 2021: US\$nil). During H1 FY 2023 the Group received payments of US\$0.3 million (FY 2022: US\$2.5 million and FY H1 2022: US\$1.2 million) from the KEM JV as settlement of the outstanding purchase consideration this did not result in any further expected credit loss reversal during the Period as the full reversal was accounted for in prior periods (FY 2022: US\$2.9 million and H1 FY2022: US\$1.1 million). 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\$2.0 million (30 June 2022: US\$2.0 million and 31 December 2021: US\$4.9 million).

<sup>3</sup> During the Period, Finsch declared and paid a dividend out of profits generated in FY2022 to its shareholders. The BEE partners received a gross dividend of US\$9.8 million (30 June 2022: US\$2.5 million). An amount of US\$6.3 million (30 June 2022: US\$0.2 million) was used by BEE partners to repay a portion of their loans owing to the Group and a net cash payment of US\$2.2 million (30 June 2022: US\$2.5 million) was received by the BEE partners, comprising Kago US\$1.2 million (30 June 2022: US\$1.3 million) and IPDET US\$1.0 million (30 June 2022: US\$1.2 million).

## 11. BEE LOANS RECEIVABLE

US\$ million	31 December 2022	31 December 2021	30 June 2022
<b>Non-current assets</b>			
Loans and other receivables	<b>38.2</b>	<b>43.1</b>	44.6

### 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\$40.2 million (30 June 2022: US\$42.0 million and 31 December 2021: US\$48.6 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. Judgement 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 Mine 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 a previous Debt Restructuring in FY2021, Petra has assumed the BEE Lender facility obligations

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

US\$ million	1 July 2022 - 31 December 2022	1 July 2021 - 31 December 2021	1 July 2021 - 30 June 2022
As at 1 July	44.6	46.6	46.6
Foreign exchange movement on opening balance	(2.0)	(5.1)	(5.9)
Interest receivable	1.9	2.0	4.1
Reversal of BEE loans receivable – expected credit loss provision	—	—	—
Repayment of loan from BEE partner	(6.3)	(0.4)	(0.2)
As at 30 June	38.2	43.1	44.6

## 12. SHARES ISSUED AND SHARE PREMIUM

During the Period, there were no new shares issued by the Company.

On 16 November 2022, at the FY 2022 Annual General Meeting, the Company's shareholders approved the Company's share premium account be reduced by US\$350 million with such amount being credited against accumulated losses with the balance being credited to the Company's other distributable reserves.

US\$ million	Share premium	Accumulated reserves / (losses)
As at 1 July 2022	959.5	(183.6)
Conversion of share premium to distributable reserves	(350.0)	350.0
Movement during period	—	(23.7)
As at 31 December	609.5	142.7

In FY 2022, at the FY 2021 Annual General Meeting the Company's shareholders approved 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.

### 13. EARNINGS PER SHARE

	Total 1 July 2022 - 31 December 2022 US\$	Total 1 July 2021 - 31 December 2021 US\$	Total 1 July 2021 - 30 June 2022 US\$
Numerator			
(Loss) / profit for the Period	<b>(23,752,879)</b>	43,288,096	68,995,537
Denominator			
	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS			
Brought forward	<b>194,201,785</b>	9,710,089,272	9,710,089,272
Effect of shares issued during the Period	—	—	—
Effect of 50 for 1 share consolidation November 2021	—	(9,515,887,487)	(9,515,887,487)
Carried forward	<b>194,201,785</b>	194,201,785	194,201,785
	Shares	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>	194,201,785	194,201,785
	US cents	US cents	US cents
Basic (loss) / profit per share – US cents	<b>(12.23)</b>	22.29	35.53
Diluted (loss) / profit per share – US cents	<b>(12.23)</b>	22.29	35.53

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 2022: nil and 31 December 2021: nil).



#### 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 2022 - 31 December 2022 US\$	Total 1 July 2021 - 31 December 2021 US\$	Total 1 July 2021 - 30 June 2022 US\$
Numerator			
(Loss) / profit for the Period	(23,752,879)	43,288,096	68,995,537
Net unrealised foreign exchange (gain) / loss	(1,695,466)	22,015,553	34,851,735
Present value discount – Williamson VAT receivable	3,473,980	663,803	4,076,760
Impairment (reversal) / charge - operations*	216,437	227,304	(21,206,735)
Impairment (reversal) / charge – other receivables	1,176	(1,118,250)	(2,544,704)
Taxation (credit) / charge on unrealised foreign exchange (gain) / loss	(138,605)	(8,507,107)	(1,618,908)
Taxation credit on impairment charge*	—	—	—
Transaction costs and acceleration of unamortised costs on Notes and restructured bank facilities	9,015,171	—	1,628,757
Williamson tailings facility - remediation costs	5,897,182	—	—
Williamson tailings facility - accelerated depreciation	5,220,536	—	—
Transaction costs (reversal) / expense – Human rights settlement agreement and provisions for unsettled and disputed tax claims	—	(239,494)	(816,270)
Adjusted loss for the Period attributable to parent	<b>(1,762,468)</b>	56,329,905	83,366,172
*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	194,201,785	9,710,089,272	9,710,089,272
Effect of shares issued during the Period	—	—	—
Effect of 50 for 1 share consolidation November 2021	—	(9,515,887,487)	(9,515,887,487)

Carried forward	<b>194,201,785</b>	194,201,785	194,201,785
	<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>	194,201,785	194,201,785
	<b>US cents</b>	US cents	US cents
Adjusted basic profit / (loss) per share – US cents	<b>(0.91)</b>	29.01	42.93
Adjusted diluted profit / (loss) per share – US cents	<b>(0.91)</b>	29.01	42.93

## 15. IMPAIRMENT CHARGE

The current market conditions in the global rough diamond market, volatility of and variability in product mix are all factors impacting the rough diamond prices achieved by Petra during the Period, and the tailings facility failure at Williamson which have resulted 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.

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 the Cullinan, Finsch and Williamson Mines, 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 also recognised a non-financial receivables charge of US\$3.5 million, being management's estimate of the impact on the recoverability of the Tanzania VAT receivable.

Impairment (US\$ million)	Asset class	Carrying value pre impairment	Impairment	Carrying value post impairment
<b>Impairment operations:</b>				
Cullinan Mine	Property, plant & equipment	402.3	—	402.3
Finsch	Property, plant & equipment	165.4	—	165.4
Koffiefontein	Property, plant & equipment	1.0	(0.3)	0.7
Williamson	Property, plant & equipment	46.6	—	46.6
Sub-total		615.3	(0.3)	615.0
<b>Impairment – non-financial receivables:</b>				
Other – non-current	Tanzania VAT receivable (refer to note 2)	8.6	(3.5)	5.1
Sub-total		8.6	(3.5)	5.1
<b>Total</b>		<b>623.9</b>	<b>(3.8)</b>	<b>620.1</b>

### 31 December 2021

During the 6 month period ending 31 December 2021, 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 the Cullinan, Finsch, and Williamson Mines, nor was any impairment reversal considered appropriate in the 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 also recognised a non-financial receivables impairment reversal of US\$0.4 million, comprising US\$0.7 million impairment charge being 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.

Details of the impairment assessment are shown below:

Impairment (US\$ million)	Asset class	Carrying value pre impairment	Impairment	Carrying value post impairment
<b>Impairment operations:</b>				
Cullinan Mine	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	1.5	1.1	2.6
Other – non-current	Tanzania VAT receivable	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>

### 30 June 2022

The operations of the Cullinan, Finsch, Koffiefontein and Williamson Mines are held at recoverable value as a result of FY 2021 impairments. During FY 2022, 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 the Cullinan, Finsch and Williamson Mines, nor was any impairment reversal considered appropriate in the current Year. 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 also reversed a Group level impairment charge relating to Williamson, previously recognised under IFRS 5, of US\$21.4 million as Williamson is no longer considered an asset held for sale. The Group recognised a non-financial receivables charge of US\$1.5 million comprising an impairment charge of US\$4.1 million being management's estimate of the recoverability of the Tanzania VAT receivable, an impairment charge of US\$0.3 million related to other receivables and an impairment reversal of US\$2.9 million of the KEM JV receivable.

<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 Mine	Property, plant & equipment	419.9	—	419.9
Finsch	Property, plant & equipment	157.9	—	157.9
Koffiefontein	Property, plant & equipment	1.1	(0.3)	0.8
Williamson	Property, plant & equipment	29.3	21.4	50.7
Sub-total		608.2	21.1	629.3
<b>Impairment – non-financial receivables:</b>				
Other – current receivable	KEM JV receivable	(1.2)	2.9	1.7
Other – current receivable	Other receivables	0.3	(0.3)	—
Other – non-current	Tanzania VAT receivable	6.8	(4.1)	2.7
Sub-total		5.9	(1.5)	4.4
<b>Total</b>		<b>614.1</b>	<b>19.6</b>	<b>633.7</b>

### Cullinan, Finsch, Koffiefontein and Williamson Mine 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 Mine, 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 2022 and 30 June 2022:

Key assumptions	Explanation
Current mine plan and recoverable value of reserves and resources	<p>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.</p> <p>The end of life of mine based on current mine plans for the operations are as follows:  Cullinan Mine: FY 2033 (FY 2022: FY 2031)  Finsch: FY 2031 (FY 2022: FY 2030)  Koffiefontein: FY 2025 (FY 2022: FY 2025) – current production has ceased and the operation has been placed on care and maintenance  Williamson: FY 2030</p> <p>Resources remaining after the current mine plans have not been included in impairment testing for the operations.</p>
Current mine plan reserves and resources	<p>Cullinan Mine: Current mine plan over the next ten years; total resource processed 37.6 Mt (FY 2022: Current mine plan over the next nine years; total resource processed 36.4 Mt). Cullinan Mine is implementing a project for 2 additional tunnels (46 and 50) resulting in an increase in reserves and mine plan.</p> <p>Finsch: Current mine plan over the next nine years; total resource processed 23.7 Mt (FY 2022: Current mine plan over the next nine years; total resource processed 23.2 Mt). Additional SLC project approved taking mining to 90L approved during H1 FY 2023.</p> <p>Koffiefontein has been put on care and maintenance and has ceased production.</p> <p>Williamson: Current mine plan over the next eight years, total resource processed 38.0 Mt (FY2022: Current mine plan over the next eight years, total resource processed 43.3 Mt).</p>
Current mine plans – capital expenditure	<p>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.</p>
Residual Value	<p>Cullinan Mine: 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.</p> <p>No residual values were included in the impairment assessments of the other mining operations due to the mine plan aligning with the resource base estimated to be available at the end of the current mine plan.</p>
Diamond prices	<p>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.</p> <p>The 31 December 2022 impairment testing models starting price assumptions have been adjusted to reflect the improved pricing achieved during the FY2022. Diamond prices (excluding Exceptional Stones) have been assumed to remain unchanged during FY2023, then increase by 3.9% from FY2024 onwards. The long-term models incorporate normalised diamond price escalation of 1.9% above a long-term US inflation rate of 2.0% per annum from FY 2024 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 retained the contribution from Exceptional Stones at the Cullinan Mine at US\$35.0 million per annum.</p> <p>The 30 June 2022 impairment testing models starting price assumptions have been adjusted to reflect the improved pricing achieved during the Year when compared to the 30 June 2021 impairment models. Diamond prices (excluding Exceptional Stones) have been assumed to remain unchanged during FY2023, then increase by 3.9% from FY2024 onwards. The long-term models incorporate normalised diamond price escalation of 1.9% above a long-term US inflation rate of 2.0% per annum from FY 2024 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 the Cullinan Mine from US\$25.0 million to US\$35.0 million per annum.</p>
Discount rate	<p>A ZAR discount rate of 13.0% (30 June 2022: 13.0%) was used for the South African operations and a USD discount rate of 14.0% (30 June 2022: 14.00%) 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.</p>
Cost inflation rate	<p>Long-term inflation rates of 3.5%–8.0% (30 June 2022: 3.5%–7.5%) above the long-term US\$ inflation rate were used for Opex and Capex escalators. Management have taken into account the current short-term pressures in the inflation environment and the impact on Opex and capex costs, allowing for the inflation rate to normalise over the longer-term.</p>

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 ZAR17.00 (30 June 2022: ZAR16.04) for H2 FY2023 reflecting the current volatility, inflationary pressures and quantitative tightening by Central banks, and ZAR16.75 for FY2024 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	For impairment testing at Williamson, management used the above assumptions, noting that no sales were forecast for H2 FY2023 following the TSF breach in November 2022. Accelerated depreciation of US\$5.2 million attributable to the TSF assets has been included in the depreciation charge in mining and processing costs. During the FY2022, Williamson recommenced production.

## Sensitivity analysis

The impact of applying reasonable downside sensitivities on the key inputs based on management's assumptions at 31 December 2022 is noted below:

(US\$ million)	Additional Impairment charge			
	Cullinan Mine	Finsch <sup>1</sup>	Koffiefontein <sup>2</sup>	Williamson
Base case				
Increase in discount rate by 2%	32.7	—	n/a	4.8
Reduction in pricing by 5% over Life of Mine	40.5	—	n/a	19.8
Reduction in short-term production by 10%	25.8	23.1	n/a	13.6
Increase in Opex by 5%	20.5	—	n/a	9.6
Reduction in Exceptional Stones contribution by US\$10.0 million per annum	43.6	n/a	n/a	n/a
Strengthening of the ZAR from US\$/ZAR17.00 to US\$/ZAR16.15	47.3	—	n/a	n/a

- Additional impairments will occur at Finsch if the discount rate is increased by 4%, or a reduction in pricing by 6.5% over Life of Mine, or an increase in Opex of 13.5% and or a strengthening of the US\$/ZAR from R17.00 to US\$/ZAR 15.81.
- Production at Koffiefontein has ceased and the operation has been placed on care and maintenance.

## 16. WILLIAMSON (30 June 2022)

### 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). Petra have registered Mwadui Mining Holdings Ltd, a subsidiary registered in the United Kingdom, for this purpose.

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. 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. For further information on the confiscated diamond parcel refer to note 18.

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 is therefore not yet effective as at 31 December 2022. Certain conditions precedent remain outstanding awaiting resolution from GoT.

#### **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 with Petra retaining a controlling interest in Williamson.

Caspian's purchase will be funded through the settlement of US\$15 million of past technical services payments owed by WDL to Caspian.

The sale of the 50% less 1 share stake in the entity that holds Petra's shares in WDL is subject to the parties first entering into definitive transaction agreements and once such agreements are entered into, then 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.

## **17. CONTINGENCIES**

### **Williamson – Independent Grievance Mechanism ("IGM")**

The IGM is a non-judicial process that has the capacity to investigate and resolve complaints alleging severe human rights impacts in connection with security operations at the Williamson mine. It will be overseen by an Independent Panel of Tanzanian experts taking an approach informed by Tanzanian law, and with complainants having access to free and independent advice from local lawyers. The overall aim of the IGM is to promote reconciliation between the Williamson Diamond Mine, directly affected parties and the broader community by providing remedy to those individuals who have suffered severe human rights impacts. The Group has agreed to fund the remedies determined by the IGM.

On 28 November 2022, the IGM became operational with the commencement of the IGM's pilot phase. The pilot phase, which is expected to continue until the end of March 2023, will allow for the IGM's systems and procedures to be further developed. Where appropriate, the design of the IGM will then be adjusted to take into account the learnings of the pilot phase.

Whilst the IGM was still being established, a mechanism was set up to enable community members to confidentially and securely register alleged historical human rights grievances. This mechanism continued to receive grievances, with a significant amount of grievances having been registered to date. As the IGM is currently in its pilot phase, it is too early to evaluate the merits of these grievances.

Judgement has been applied by management in assessing the merits and outcome of the grievances. Consideration was given, amongst other things, to the fact that the IGM remains in the pilot phase and is yet to assess the merits of the grievances registered. Accordingly, management is of the opinion that the estimated costs and outcome of the grievance remains uncertain and have therefore not raised a provision at Period end.

## 18. EVENTS AFTER THE REPORTING PERIOD

### **Williamson Blocked Parcel**

Subsequent to Period end, it has come to the attention of the Company that a portion of the blocked diamond parcel of 71,654.45 carats that was confiscated by the Government of Tanzania ("GoT") in 2017 has recently been sold. Under the Framework Agreement entered into by the GoT, the Company and WDL in December 2021, the GoT agreed to allocate the proceeds of this blocked diamond parcel to WDL. The Company is engaging with GoT to confirm the application of the proceeds.

## **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  
20 February 2023



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

## **Conclusion**

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 2022 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.

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 2022 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 Notes to the Condensed Consolidated Interim Financial Statements.

## **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

20 February 2023

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