



PetraDiamonds

18 April 2023

LSE: PDL

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

Q3 FY 2023 Operating Update

Petra reports improved diamond production in the third quarter of FY 2023

Richard Duffy, Chief Executive Officer of Petra, commented:

"We are pleased to report higher diamond production following improved ROM grades and tailings production at Cullinan Mine and increased throughput at Finsch. We expect to deliver on our revised guidance of 2.75-2.85 Mcts for FY 2023. With Williamson targeted to resume production in Q1 FY 2024, we are well positioned to increase production by c.1Mct to 3.6-3.9 Mcts in FY 2025.

The key mitigating actions initiated over the last 6 months have been successful and occurred against a backdrop of recently improved diamond pricing which we largely attribute to a post-COVID 19 recovery in demand from China. We continue to expect a supportive diamond market in the medium to longer-term as a result of the structural supply deficit, while noting potential volatility in the near-term owing to recent geopolitical and macroeconomic uncertainty."

Highlights vs Q2 FY 2023

- LTIs and LTIFR increased to 8 and 0.47, respectively, due largely to a single incident at the Cullinan Mine in which 4 employees were injured. Petra has renewed its safety focus directed at addressing the quarter-on-quarter regression
- Total diamond production increased 3% to 653,700 carats as production improved 14% at Finsch following the introduction of new equipment, despite some ground handling challenges. Production at the Cullinan Mine increased by 7%, supported by higher tailings and ROM grades. Together, this more than offset the temporary suspension of production at Williamson and the placing of Koffiefontein on care and maintenance
- Ore processed decreased 25% to 1.65Mt, largely due to the temporary suspension of production at Williamson, which is targeted to restart in Q1 FY 2024
- At Koffiefontein the Section 189(3) labour reduction process was completed during the quarter, resulting in the retrenchment of 382 employees at a cost of around ZAR99 million with around 80-90 employees being retained for care and maintenance activities in the run-up to a responsible closure
- Support from a weaker Rand and more stable diamond pricing continued throughout the quarter
- Revenue amounted to US\$67.8 million (Q2 FY 2023: US\$107.8 million) as higher pricing at the Cullinan Mine and Finsch in the quarter was more than offset by tender cycle timings (one tender in Q3 FY 2023 vs two in Q2 FY 2023); the resultant inventory build is expected to be released in Q4 FY 2023
- Gross debt increased to US\$248.5 million (31 December 2022: US\$241.7 million), reflecting the accrued interest charges for the three months to 31 March 2023. Consolidated net debt of US\$124.7 million (31 December 2022: US\$90.8 million) increased due to the timing of the Company's diamond sales tenders, coupled with the previously announced capital expenditure programmes for the expansion projects at the Cullinan Mine and Finsch

		Three months				Nine months YTD		
		Q3 FY 2023	Q2 FY 2023	Var.	Q3 FY 2022	FY 2023	FY 2022	Var.
Safety								
LTIFR	-	0.47	0.22	+114%	0.18	0.28	0.18	+56%
LTIs	Number	8	4	+100%	3	15	9	+67%
Sales								
Diamonds sold	Carats	465,138	792,889	-41%	735,225	1,778,051	2,331,076	-24%
Revenue ¹	US\$m	67.8	107.8	-37%	140.6	278.5	405.4	-31%
Contribution from Exceptional Stones ²	US\$m	7.0	0.0	-	5.5	7.0	83.3	-92%
Production								
ROM tonnes	Mt	1.65	2.20	-25%	2.8	6.9	8.2	-16%
Tailings and other tonnes	Mt	0.11	0.09	+20%	0.1	0.3	0.4	-12%
Total tonnes treated	Mt	1.76	2.29	-23%	2.9	7.2	8.6	-16%
ROM diamonds	Carats	593,691	604,917	-2%	780,896	1,931,622	2,430,885	-21%
Tailings and other diamonds	Carats	60,009	31,612	+90%	49,560	121,827	176,995	-31%
Total diamonds	Carats	653,700	636,529	+3%	830,456	2,053,449	2,607,880	-21%

¹ Revenue reflects proceeds from the sale of rough diamonds and excludes revenue from profit share arrangements

² Petra classifies "Exceptional Stones" as rough diamonds which sell for US\$5 million or more each

Outlook

Ongoing actions taken to strengthen the business and improve cash flow generation, together with capital discipline, enable Petra to take advantage of the current supportive diamond market fundamentals. Petra's 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 the Company develops the long-term potential of its resource base.

Petra continues to strive to create a zero harm environment. The Company is increasing its focus on identifying and mitigating safety risks with behaviour-focused intervention programmes.

INVESTOR WEBCASTS

Webcast presentation for institutional investors and analysts at 09:30am BST today

Petra's CEO, Richard Duffy, and CFO, Jacques Breytenbach, will host a live webcast for institutional investors and analysts today at 09:30 BST to discuss this operating update.

Webcast link for live presentation: https://brrmedia.news/PDL_OU

Dial in details:

United Kingdom	033 0551 0200
South Africa	0800 980 512
United States (Local)	+1 786 697 3501

Password (if prompted): Quote "Petra Diamonds Operating Update"

Link for recording (available later in the day):

<https://www.petradiamonds.com/investors/results-reports/>

Investor Meet Company webcast at 14.30pm BST today

Petra will also present these results live 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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Notes:

1. *The following definitions have been used in this announcement:*
 - a. *cphT: carats per hundred tonnes*
 - b. *LTIs: lost time injuries*
 - c. *LTIFR: lost time injury frequency rate, calculated as the number of LTIs multiplied by 200,000 and divided by the number of hours worked*
 - d. *FY: financial year ending 30 June*
 - e. *CY: calendar year ending 31 December*
 - f. *Q: quarter of the financial year*
 - g. *ROM: run-of-mine (i.e. production from the primary orebody)*
 - h. *m: million*
 - i. *Mt: million tonnes*

ABOUT PETRA DIAMONDS

Petra Diamonds is a leading independent diamond mining group and a supplier of gem quality rough diamonds to the international market. The Company's portfolio incorporates interests in three underground mines in South Africa (Cullinan Mine, Finsch and Koffiefontein) and one open pit mine in Tanzania (Williamson). The Koffiefontein mine is currently on care and maintenance in preparation of closure.

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 Company aims to generate tangible value for each of its stakeholders, thereby contributing to the socio-economic development of its host countries and supporting long-term sustainable operations to the benefit of its employees, partners and communities.

Petra is quoted with a premium listing on the Main Market of the London Stock Exchange under the ticker 'PDL'. The Company's 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.

Corporate and financial summary 31 March 2023

	Unit	As at 31 March 2023	As at 31 December 2022	As at 30 September 2022	As at 30 June 2022
Cash at bank – (including restricted amounts) ¹	US\$m	96.8	146.6	154.0	288.2
Diamond debtors	US\$m	27.0	4.3	4.2	37.4
Diamond inventories ^{2,3}	US\$m	73.9	59.9	76.3	52.7
	Carats	728,765	540,153	692,219	453,380
2026 US\$336.7m loan notes ⁴	US\$m	248.5	241.7	235.8	366.2
Bank loans and borrowings ⁵	US\$m	—	—	—	—
Consolidated Net Debt ⁶	US\$m	124.7	90.8	77.6	40.6
Bank facilities undrawn and available ⁵	US\$m	56.2	58.8	55.1	61.5

Note: The following exchange rates have been used for this announcement: average for 9M FY 2023 US\$1: ZAR17.46 (9M FY 2022: US\$1: ZAR15.10, FY 2022: US\$1:ZAR15.22); closing rate as at 31 March 2023 US\$1: ZAR17.78 (31 March 2022: US\$1:ZAR14.60), 31 December 2022: US\$1: ZAR17.00, 30 September 2022: ZAR18.15 and 30 June 2022: ZAR16.27.

Notes:

1. The Group's cash balances comprise unrestricted balances of US\$80.9 million, and restricted balances of US\$15.9 million.
2. Recorded at the lower of cost and net realisable value.
3. Diamond inventories includes the Williamson 71,654.45 carat parcel of diamonds blocked for export during August 2017, with a carrying value of US\$12.5 million. Under the framework agreement reached with the Government of Tanzania, as announced on 13 December 2021, the proceeds from the sale of this parcel are required to be allocated to Williamson.
4. 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\$248.5 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\$49.5 million of accrued interest and net of unamortised transaction costs capitalised of US\$11.2 million.
5. Bank loans and borrowings represent the Group's ZAR1 billion revolving credit facility which remains undrawn and available.
6. Consolidated Net Debt is bank loans and borrowings plus loan notes, less cash and diamond debtors.

Mine-by-mine tables:

Cullinan Mine – South Africa

	Unit	Three months				Nine months YTD		
		Q3 FY 2023	Q2 FY 2023	Var.	Q3 FY 2022	FY 2023	FY 2022	Var.
Sales								
Revenue	US\$m	47.9	45.8	5%	73.7	150.6	241.4	-38%
Diamonds sold	Carats	310,300	400,999	-23%	409,030	979,027	1,281,334	-24%
Average price per carat	US\$	154	114	35%	180	154	188	-18%
ROM Production								
Tonnes treated	Tonnes	1,025,056	1,120,282	-9%	1,053,631	3,256,249	3,360,618	-3%
Diamonds produced	Carats	322,724	328,137	-2%	404,473	1,019,657	1,247,675	-18%
Grade ¹	Cpht	31.5	29.3	7%	38.4	31.3	37.1	-16%
Tailings Production								
Tonnes treated	Tonnes	110,431	62,178	78%	112,414	250,182	350,706	-29%
Diamonds produced	Carats	60,009	28,211	113%	49,560	115,010	176,995	-35%
Grade ¹	Cpht	54.3	45.4	20%	44.1	46.0	50.5	-9%
Total Production								
Tonnes treated	Tonnes	1,135,487	1,182,460	-4%	1,166,045	3,506,431	3,711,324	-6%
Diamonds produced	Carats	382,732	356,348	7%	454,033	1,134,667	1,424,670	-20%

Note: 1. Petra is not able to precisely measure the ROM / tailings grade split because ore from both sources is processed through the same plant; the Company therefore back-calculates the grade with reference to resource grades.

Finsch – South Africa

	Unit	Three months				Nine months YTD		
		Q3 FY 2023	Q2 FY 2023	Var.	Q3 FY 2022	FY 2023	FY 2022	Var.
Sales								
Revenue	US\$m	19.0	32.0	-40%	39.2	74.4	104.9	-29%
Diamonds sold	Carats	152,924	283,833	-46%	259,164	614,041	935,459	-34%
Average price per carat	US\$	124	113	10%	151	121	112	8%
ROM Production								
Tonnes treated	Tonnes	629,211	522,578	20%	656,408	1,724,765	2,079,527	-17%
Diamonds produced	Carats	270,396	234,150	15%	303,591	764,763	1,005,134	-24%
Grade ¹	Cpht	43.0	44.8	-4%	46.3	44.3	48.3	-8%
Tailings Production								
Tonnes treated	Tonnes	-	30,197	-	-	47,502	-	-
Diamonds produced	Carats	-	3,402	-	-	6,562	-	-
Grade ¹	Cpht	-	11.3	-	-	13.8	-	-
Total Production								
Tonnes treated	Tonnes	629,211	552,775	14%	656,408	1,772,267	2,079,527	-15%
Diamonds produced	Carats	270,396	237,552	14%	303,591	771,325	1,005,134	-23%

Note: 1. Petra is not able to precisely measure the ROM / tailings grade split because ore from both sources is processed through the same plant; the Company therefore back-calculates the grade with reference to resource grades.

Williamson – Tanzania

	Unit	Three months				Nine months YTD		
		Q3 FY 2023	Q2 FY 2023	Var.	Q3 FY 2022	FY 2023	FY 2022	Var.
Sales								
Revenue	US\$m	-	27.9	-	22.4	49.1	42.6	15%
Diamonds sold	Carats	-	103,829	-	60,759	175,124	87,370	100%
Average price per carat	US\$	-	269	-	369	280	488	-43%
ROM Production								
Tonnes treated	Tonnes	-	520,017	-	1,005,901	1,829,376	2,360,017	-22%
Diamonds produced	Carats	-	39,766	-	65,003	140,516	147,876	-5%
Grade ¹	Cpht	-	7.6	-	6.5	7.7	6.3	23%
Total Production								
Tonnes treated	Tonnes	-	520,017	-	1,005,901	1,829,376	2,360,017	-22%
Diamonds produced	Carats	-	39,766	-	65,003	140,516	147,876	-5%

Koffiefontein – South Africa

	Unit	Three months				Nine months YTD		
		Q3 FY 2023	Q2 FY 2023	Var.	Q3 FY 2022	FY 2023	FY 2022	Var.
Sales								
Revenue	US\$m	0.8	2.2	-64%	5.4	4.5	16.5	-73%
Diamonds sold	Carats	1,927	4,228	-54%	6,269	9,859	26,907	-63%
Average price per carat	US\$	461	508	-9%	856	452	612	-26%
ROM Production								
Tonnes treated	Tonnes	-	36,099	-	76,453	84,869	393,763	-78%
Diamonds produced	Carats	-	2,862	-	7,829	6,687	30,200	-78%
Grade ¹	Cpht	-	7.9	-	10.2	7.9	7.7	3%
Tailings Production								
Tonnes treated	Tonnes	-	-	-	-	-	-	-
Diamonds produced	Carats	-	-	-	-	-	-	-
Grade ¹	Cpht	-	-	-	-	-	-	-
Total Production								
Tonnes treated	Tonnes	-	36,099	-	76,453	84,869	393,763	-78%
Diamonds produced	Carats	-	2,862	-	7,829	6,687	30,200	-78%

Note: 1. Petra is not able to precisely measure the ROM / tailings grade split because ore from both sources is processed through the same plant; the Company therefore back-calculates the grade with reference to resource grades.