



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

Trading Update for the Year ended 30 June 2013

Petra Diamonds Limited announces its Trading Update (unaudited) for the year ended 30 June 2013 (the "Year" or "FY 2013"), ahead of its preliminary results for the Year which will be released in September 2013.

Petra will publish updated analyst guidance for FY 2014 on 12 August 2013, which will include guidance on diamond prices, production, costs and capital expenditure ("Capex").

HIGHLIGHTS

- Production up 21% to 2,668,305 carats (FY 2012: 2,208,862 carats), slightly above the revised market guidance of 2.65 million carats ("Mcts").
 - Further production growth expected for FY 2014 to 2.9 Mcts to 3 Mcts (detailed guidance will follow on 12 August 2013).
- Revenue up 27% to US\$402.7 million (FY 2012: US\$316.9 million).
- Costs were well controlled; further detail will be given in the full year results announcement.
- Capex of US\$201.2 million (FY 2012: US\$138.0 million), in line with expectations and in accordance with the roll-out of the Group's expansion programmes.
- Cash at bank as at Year end of US\$26.2 million (FY 2012: US\$37.4 million).
 - Diamond debtors (due to increased volumes and the Company's largest tender to date shortly before Year end) of US\$75.0 million (FY 2012: US\$24.5 million).
 - Diamond inventories (due to the increased production) circa US\$35.0 million (FY 2012: circa US\$24.3 million).
- Loans and borrowings at Year end of US\$147.0 million (FY 2012: US\$69.2 million).
 - Facilities undrawn and available to the Group of US\$71.3 million; net debt in line with management's expectations.

FY 2013 Sales, Production and Capex – Summary

	Unit	Year ended 30 June 2013	Year ended 30 June 2012	Variance
Sales				
Revenue	US\$m	402.7	316.9	+27%
Diamonds sold	Carats	2,539,844	2,084,429	+22%
Production				
ROM diamonds	Carats	2,038,115	1,872,120	+9%
Tailings & alluvial diamonds	Carats	630,190	336,742	+87%
Total diamonds	Carats	2,668,305	2,208,862	+21%
Capex				
Expansion	US\$m	138.7	102.5	+35%
Sustaining	US\$m	47.2	29.2	+61%
Borrowing Costs Capitalised	US\$m	15.3	6.3	+143%
Total	US\$m	201.2	138.0	+46%

Johan Dippenaar, CEO of Petra Diamonds, commented:

“This is another solid result for Petra, as the Company continues to deliver further significant production increases and revenue growth. Our capital expenditure for the Year reflects the ongoing roll out of our expansion plans. We remain on track to deliver on our growth plans to reach annual production of circa 5 million carats by FY 2019.”

CONFERENCE CALL

Petra’s CEO, Johan Dippenaar, and Finance Director, David Abery, will host a conference call at 8:00am BST today to discuss the Trading Update with investors and analysts. Participants may join the call by dialling one of the following three numbers shortly before the call:

From the UK (toll free): 0808 237 0040

From South Africa (toll free): 0800 222 290

From the rest of the world: +44 20 3428 1542

Participant passcode: 22146411#

A replay of the conference call will be available on the following numbers from 12:00pm BST on Tuesday 30 July 2013:

From UK (toll free): 0808 237 0026

From South Africa and the rest of the world: +44 20 3426 2807

Playback passcode: 640358#

COMMENTARY**Production**

- Petra increased production 21% from 2.2 million carats (FY 2012) to 2.67 million carats (FY 2013), slightly above the previously revised market guidance of 2.65 Mcts. The year on year increase was mainly due to Finsch’s contribution for a full 12 month period (FY 2012 included circa nine months production from the date of acquisition) and Williamson successfully achieving the planned levels of production following the commissioning of its rebuilt plant at the end of FY 2012.
- Production of 2.9 Mcts to 3 Mcts is expected for FY 2014, with detailed guidance to follow on 12 August 2013.
- Q4 FY 2013 production was up 22% on Q4 FY 2012 to 772,103 carats (Q4 FY 2012: 632,800 carats) and up 19% on Q3 FY 2013 (648,679 carats), primarily due to increased output at both Cullinan and Finsch. This excellent production result for the quarter bodes well for further production growth in FY 2014.
- Finsch contributed 1,412,465 carats for the Year (FY 2012: 1,104,618 carats). In line with the Company’s strategy to benefit from the increased recovery of the higher quality smaller goods produced by the Finsch orebody, the plant cut-off was reduced towards the latter part of the Year, with a resultant increase in both run-of-mine (“ROM”) and tailings grades in Q4 over the previous quarter. Although this plant change resulted in a reduced average value per carat, due to the increased volumes of the smaller diamonds, it served to increase gross revenues and contained value per tonne. For FY 2013, grades of 34.1 carats per hundred tonnes (“cpht”) for ROM (FY 2012: 36.8 cpht) and 20.1 cpht for tailings (FY 2012: 17.0 cpht) were recorded.

- Cullinan production of 868,975 carats for the Year (FY 2012: 867,780 carats) was impacted by a combination of the delay in the roll-out of the tailings expansion project and the lower ROM grade. It was planned that the tailings project would treat circa 2.7 million tonnes (“Mt”) of tailings material during the Year, yet due to various delays during the commissioning phase, mainly due to the labour situation during H1 FY 2013, only 1.5 Mts were treated, at a grade of 5.0 cpht. Increased tailings throughput is planned for FY 2014. The lower ROM grade of 30.7 cpht (FY 2012: 33.3 cpht) was due to the increased dilution of the current mining areas (as previously reported). As part of the Company’s ongoing initiatives to manage the lower ROM grade prior to accessing the C-Cut, increased pillar mining from the BA5 production area contributed towards a strengthening ROM grade during Q4 to circa 33.0 cpht.
- At Koffiefontein, diamond production declined by 13% to 34,800 carats for FY 2013 (FY 2012: 40,117 carats). Underground production continues to be supplemented with production from the Ebenhaezer satellite pipe, where waste stripping activities were progressed in Q4 FY 2013, establishing access to higher grade ore. Koffiefontein is now in a position to deliver improved results for FY 2014.
- At Kimberley Underground, the ramp up of plant throughput continued throughout the Year, with total carats produced increasing by 69% to 115,400 carats (FY 2012: 68,422 carats). The ROM grade of 14.3 cpht was in line with guidance.
- Williamson ROM production delivered 150,342 carats (FY 2012: 42,855 carats), following the successful start-up of the rebuilt treatment plant, while the ROM grade of 5.5 cpht was in line with guidance for the Year.

Diamond market and sales

- Rough diamond prices were essentially flat during H1 of FY 2013, whilst firmer prices were seen during H2 (as widely reported by other producers), resulting in stronger average value per carat prices realised across the Group, notwithstanding the higher levels of tailings production (tailings carats are lower value than ROM carats).
- Overall price performance for full FY 2014 is expected to remain steady due to constrained supply and a firmer US market, the world’s major market for polished diamonds, as well as continued growth in China, albeit at a lower rate than over recent years.
- Gross mine revenue increased 27% to US\$402.7 million (FY 2012: US\$316.9 million), primarily due to increased volumes coupled with the sale of a 25.5 carat blue diamond from Cullinan for US\$16.9 million (or US\$663,114 per carat) in May 2013.
- Carats sold increased 22% to 2,539,844 (FY 2012: 2,084,429), in line with the increasing trend of production.
- Petra sold 13 stones exceeding US\$1 million each during the Year, for total revenue of US\$39.5 million, including the US\$16.9 million blue stone sold in May 2013 (FY 2012: eight stones valued at US\$14.4 million). It is also positive to note that a 35.8 carat Williamson stone sold for US\$1.3 million during the June 2013 tender, which was the first +US\$1 million stone from Williamson under Petra’s stewardship.
- Prices achieved for FY 2013 were largely in line with Petra’s guidance for FY 2013, as demonstrated in the table below:

Mine	Actual US\$/ct ¹ FY 2013	Guidance US\$/ct ¹ FY 2013	Actual US\$/ct ¹ Q4 FY 2013	Actual US\$/ct ¹ FY 2012
Finsch	120 ²	129	110	138
Cullinan	163 ³	129	226 ³	128
Koffiefontein	471	475	634	487
Kimberley Underground	295	300	322	320

Fissures	235	n/a	285	255
Williamson	254	220	267	236

Notes:

1. All sales (ROM and tailings/alluvials/Ebenhaezer) including specials (stones above US\$1 million in value) were used to calculate the above average values.
2. The average value at Finsch was affected by the increase in recovery of smaller diamonds, further to the plant changes mentioned above.
3. The average value at Cullinan includes the 25.5 carat blue diamond sold for US\$16.9 million; the average value for FY 2013 excluding this stone is US\$142 per carat.

Expansion projects

- The Group's expansion projects at Finsch, Cullinan and Koffiefontein are progressing well. At Finsch and Cullinan, development of the declines and access tunnels (as well as the shaft deepening at Cullinan), which are key deliverables at this stage of the projects, are progressing in line with expectations. A detailed update will be included in Petra's preliminary results statement in September and further detail on project Capex will be provided in the 12 August guidance announcement.
- At Finsch, development and drilling contractor services have been put in place. A total of 2,311 development metres were achieved during the Year (FY 2012: 169 metres). Raiseboring activities commenced during Q4 FY 2013 and yielded 165 metres. Planning around the potential incorporation of the Rail-Veyor® ore-handling system into the project is ongoing and an update will be provided when appropriate.
- At Cullinan, the C-Cut Phase 1 tunnel development yielded a total of 4,147 metres for FY 2013 (FY 2012: 771 metres), while raiseboring, which commenced during the Year, delivered 626 metres (FY 2012: nil).
- At Koffiefontein, the revised mining lay-out of the planned new production areas (which will accelerate access to fresh kimberlite ore) has been finalised and detailed design commenced. Development work on the underground tunnel infrastructure is underway, while ore-handling conveyor installations servicing the 56 to 58 Level sub level caves are in the final stages of commissioning.

Capex

- Capex (excluding financing costs, as per guidance) for the Year was US\$185.9 million (FY 2012: US\$131.7 million), split as to US\$138.7 million on expansion Capex (FY 2012: US\$102.5 million) and US\$47.2 million on sustaining Capex (FY 2012: US\$29.2 million).
- The increased level of sustaining Capex is largely due to Finsch being included for a full 12 month period, coupled with planned major equipment replacements. Sustaining Capex was also allocated for new trackless equipment purchased in relation to the project to open up access to additional ore on the 645 Level at Cullinan from FY 2014 onwards (one of the initiatives to manage the ROM grade at Cullinan until the new block cave is in place in the C-Cut).
- Group Capex includes US\$4.6 million for the Year (FY 2012: US\$11.1 million), which was incurred by the Group's internal projects facility in terms of projects/equipment under construction and which will be reflected as "on-mine" Capex once these projects are finalised and invoiced to the respective operation. Therefore the mine by mine tables in the appendix, plus the US\$4.6 million internal projects Capex, will add together to make the Capex total in the 'Highlights' at the beginning of this announcement.
- US\$15.3 million (FY 2012: US\$6.3 million) of capitalised borrowing costs in respect of Capex is included in the applicable mine by mine tables below.

Health and Safety

- Group LTIFR for the Year reduced to 0.67 (FY 2012: 1.13). This is an encouraging trend considering the increase in activities as the capital programmes progress.
- The health and safety of all employees is of the utmost importance to the Company and Petra has a wide range of initiatives, training and awareness programmes in place to foster a zero harm workplace.

Financial

- As at 30 June 2013, Petra had cash at bank of US\$26.2 million (30 June 2012: US\$37.4 million).
- Diamond debtors (relating to the June tender, and which were settled in the normal course of business shortly after Year end) at 30 June 2013 were circa US\$75.0 million (30 June 2012: US\$24.5 million). The increased debtors were due to the June tender being the largest held by Petra to date, again due to the strong production levels of Q4 FY 2103.
- Diamond inventory at 30 June 2013 was circa US\$35.0 million, 348,403 carats (30 June 2012: circa US\$24.3 million, 221,748 carats). The higher inventory is due to increased production in Q4 FY 2013; Petra continues to sell all goods in line with prior periods.
- Loans and borrowings at 30 June 2013 were US\$147.0 million (30 June 2012: US\$69.2 million); undrawn debt facilities at 30 June 2013, net of US\$3.6 million utilised for foreign exchange settlement lines (30 June 2012: US\$nil), were US\$71.3 million (30 June 2012: US\$54.0 million). The debt and undrawn facilities are in line with management's plans and expectations.

Corporate

- As previously announced, Petra is currently putting its Sedibeng and Star operations onto care and maintenance, further to the termination of the sales process for the Fissure Mines. Although the formal sales process did not result in any acceptable offers for these mines, the Company continues to engage with new interested parties on an informal basis. As previously announced, the Helam mine will continue to be operated within the Petra Group on a normal commercial basis.

Notes

1. The following exchange rates have been used for this announcement: average for the Year US\$1: R8.84; 30 June 2013 US\$1: R9.88.

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About Petra Diamonds Limited

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

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

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

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

APPENDIX – MINE BY MINE PRODUCTION TABLES**Finsch – South Africa**

	Unit	H2 FY 2013	H1 FY 2013	FY 2013	FY 2012	Variance
<u>Sales</u>						
Revenue	US\$M	94.7	65.9	160.6	136.9	+17%
Diamonds sold	Carats	795,690	540,728	1,336,418	989,101	+35%
Average price per carat	US\$	119	122	120	138	-13%
<u>ROM Production</u>						
Tonnes treated	Tonnes	1,222,868	1,387,067	2,609,935	2,260,842	+15%
Diamonds produced	Carats	455,634	434,726	890,360	832,396	+7%
Grade	Cpht	37.2	31.3	34.1	36.8	-7%
<u>Tailings Production</u>						
Tonnes treated	Tonnes	1,353,421	1,247,190	2,600,611	1,600,170	+63%
Diamonds produced	Carats	314,178	207,928	522,106	272,222	+92%
Grade	Cpht	23.2	16.7	20.1	17.0	+18%
<u>Total Production</u>						
Tonnes treated	Tonnes	2,576,289	2,634,257	5,210,546	3,861,012	+35%
Diamonds produced	Carats	769,811	642,654	1,412,465	1,104,618	+28%
<u>Capex</u>						
Expansion Capex	US\$M	20.7	12.5	33.2	8.7	+282%
Sustaining Capex	US\$M	4.6	6.0	10.6	3.3	+221%
Borrowing Costs Capitalised	US\$M	2.2	2.3	4.5	-	n/a
Total Capex	US\$M	27.5	20.8	48.3	12.0	+303%

Cullinan – South Africa

	Unit	H2 FY 2013	H1 FY 2013	FY 2013	FY 2012	Variance
<u>Sales</u>						
Revenue	US\$M	84.4	48.6	133.0	112.0	+19%
Diamonds sold	Carats	452,778	363,833	816,611	876,384	-7%
Average price per carat	US\$	187	134	163	128	+27%
<u>ROM Production</u>						
Tonnes treated	Tonnes	1,312,995	1,282,009	2,595,004	2,504,137	+4%
Diamonds produced	Carats	411,224	384,146	795,370	833,285	-5%
Grade	Cpht	31.3	30.0	30.7	33.3	-8%
<u>Tailings Production</u>						
Tonnes treated	Tonnes	916,960	568,929	1,485,889	668,534	+122%
Diamonds produced	Carats	48,987	24,618	73,605	34,495	+113%
Grade	Cpht	5.3	4.3	5.0	5.2	-4%
<u>Total Production</u>						
Tonnes treated	Tonnes	2,229,955	1,850,938	4,080,893	3,172,671	+29%
Diamonds produced	Carats	460,211	408,765	868,975	867,780	+0%
<u>Capex</u>						
Expansion Capex	US\$M	30.4	33.6	64.0	42.4	+51%
Sustaining Capex	US\$M	11.9	5.3	17.2	7.5	+129%
Borrowing Costs Capitalised	US\$M	2.0	5.7	7.7	4.5	+71%
Total Capex	US\$M	44.3	44.6	88.9	54.4	+63%

Koffiefontein – South Africa

	Unit	H2 FY 2013	H1 FY 2013	FY 2013	FY 2012	Variance
<u>Sales</u>						
Revenue	US\$M	9.2	7.3	16.6	18.9	-12%
Diamonds sold	Carats	18,367	16,800	35,168	38,798	-9%
Average price per carat	US\$	503	435	471	487	-3%
<u>ROM Production</u>						
Tonnes treated	Tonnes	149,451	89,710	239,161	498,412	-52%
Diamonds produced	Carats	8,162	6,194	14,356	24,569	-42%
Grade	Cpht	5.5	6.9	6.0	4.9	+22%
<u>Tailings / Ebenhaezer Production</u>						
Tonnes treated	Tonnes	543,560	698,800	1,242,360	967,538	+28%
Diamonds produced	Carats	8,109	12,335	20,444	15,548	+32%
Grade	Cpht	1.5	1.8	1.6	1.6	+2%
<u>Total Production</u>						
Tonnes treated	Tonnes	693,011	788,510	1,481,521	1,465,950	+1%
Diamonds produced	Carats	16,271	18,529	34,800	40,117	-13%

Capex						
Expansion Capex	US\$M	5.6	5.3	10.9	6.1	+79%
Sustaining Capex	US\$M	4.7	4.8	9.5	5.4	+76%
Total Capex	US\$M	10.3	10.1	20.4	11.5	+77%

Kimberley Underground – South Africa

	Unit	H2 FY 2013	H1 FY 2013	FY 2013	FY 2012	Variance
Sales						
Revenue	US\$M	21.5	11.9	33.4	19.8	+69%
Diamonds sold	Carats	67,607	45,776	113,383	61,895	+83%
Average price per carat	US\$	318	260	295	320	-8%
Total Production (all ROM)						
Tonnes treated	Tonnes	380,671	424,054	804,725	587,065	+37%
Diamonds produced	Carats	56,096	59,304	115,400	68,422	+69%
Grade	Cpht	14.7	14.0	14.3	11.7	+23%
Capex						
Expansion Capex	US\$M	3.9	13.7	17.6	15.4	+14%
Sustaining Capex	US\$M	1.3	2.7	4.0	5.6	-29%
Total Capex	US\$M	5.2	16.4	21.6	21.0	+3%

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

Fissure mines – South Africa

	Unit	H2 FY 2013	H1 FY 2013	FY 2013	FY 2012	Variance
Sales						
Revenue	US\$M	12.5	4.6	17.1	17.7	-3%
Diamonds sold	Carats	45,589	27,352	72,941	69,097	+6%
Average price per carat	US\$	274	169	235	255	-8%
ROM Production						
Tonnes treated	Tonnes	70,054	90,704	160,758	167,794	-4%
Diamonds produced	Carats	33,926	38,361	72,287	70,593	+2%
Grade	Cpht	48.4	42.3	45.0	42.1	+7%
Tailings Production						
Tonnes treated	Tonnes	-	-	-	8,203	-100%
Diamonds produced	Carats	-	-	-	281	-100%
Grade	Cpht	-	-	-	3.4	-100%
Total Production						
Tonnes treated	Tonnes	70,054	90,704	160,758	175,997	-9%
Diamonds produced	Carats	33,926	38,361	72,287	70,874	+2%
Capex						
Expansion Capex	US\$M	n/a	n/a	n/a	n/a	n/a
Sustaining Capex	US\$M	0.7	1.9	2.6	5.8	-55%
Total Capex	US\$M	0.7	1.9	2.6	5.8	-55%

Note: During FY 2012, Petra and its black economic empowerment partners undertook a sales process with regards to the Fissure Mines (Helam, Sedibeng and Star). The lower production is due to the impacts of the sales process and the labour disruptions in H1 FY 2013.

Williamson – Tanzania

	Unit	H2 FY 2013	H1 FY 2013	FY 2013	FY 2012	Variance
<u>Sales</u>						
Revenue	US\$M	24.0	17.9	41.9	11.6	+261%
Diamonds sold	Carats	93,152	72,172	165,324	49,153	+236%
Average price per carat	US\$	258	248	254	236	+7%
<u>ROM Production</u>						
Tonnes treated	Tonnes	1,447,674	1,282,459	2,730,133	826,699	+230%
Diamonds produced	Carats	77,552	72,790	150,342	42,855	+251%
Grade	Cpht	5.4	5.7	5.5	5.2	+6%
<u>Alluvial Production</u>						
Tonnes treated	Tonnes	202,671	182,515	385,186	278,328	+38%
Diamonds produced	Carats	6,915	7,120	14,035	14,195	-1%
Grade	Cpht	3.4	3.9	3.6	5.1	-29%
<u>Total Production</u>						
Tonnes treated	Tonnes	1,650,345	1,464,974	3,115,319	1,105,027	+182%
Diamonds produced	Carats	84,467	79,909	164,376	57,050	+188%
<u>Capex</u>						
Expansion Capex	US\$M	7.3	1.1	8.4	18.8	-55%
Sustaining Capex	US\$M	2.3	1.0	3.3	1.6	+106%
Borrowing Costs Capitalised	US\$M	0.5	2.6	3.1	1.8	+72%
Total Capex	US\$M	10.1	4.7	14.8	22.2	-33%