



PetraDiamonds

Acquisition of Cullinan

22 November 2007

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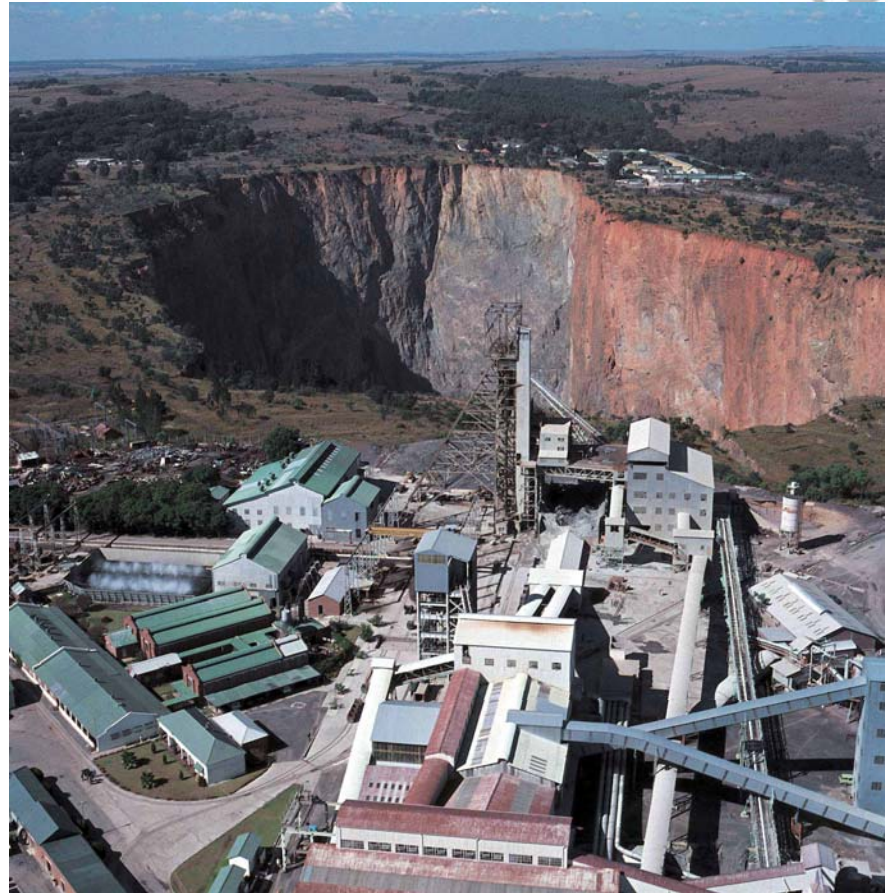
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The Cullinan Diamond Mine (South Africa)



- Cullinan is one of the world's most famous and illustrious mines
- Major diamond producer – 14.5 million carats recovered by De Beers between 1997 to 2006
- Potential to transform Petra production
- Recognition of Petra as a skilled underground diamond miner



Cullinan Diamond Mine



The History of Cullinan



Cullinan Diamond in hand of a mine official, possibly Frederick Wells

- 1902 Cullinan kimberlite pipe originally discovered by Sir Thomas Cullinan - at 32ha surface area, largest diamondiferous kimberlite ever found in SA
- 1903 Open pit mining commenced at 'Premier Mine' - at time of outbreak of WW1, 14000 were employed at mine
- 1930 De Beers acquired controlling interest in Premier through scheme of arrangement with Anglo American
- 1932 Mine closed due to depression and lack of market for luxury goods
- 1945 Mine reopened and pit dewatered for development of underground mine
- 1997 Premier (Transvaal) Diamond Company amalgamated into De Beers Consolidated
- 2003 Mine renamed 'Cullinan' as part of centenary celebrations

Source of spectacular diamonds



- Renowned as a source of large, high-value diamonds
- Many of the world's most famous diamonds were recovered at Cullinan
- Produced over 300 stones weighing more than 100 carats
- Produced more than a quarter of all diamonds weighing more than 400 carats
- World's only significant source of blue diamonds
- Market for high end and coloured diamonds very strong



The Centenary
599 carats rough



The Premier Rose
353 carats rough



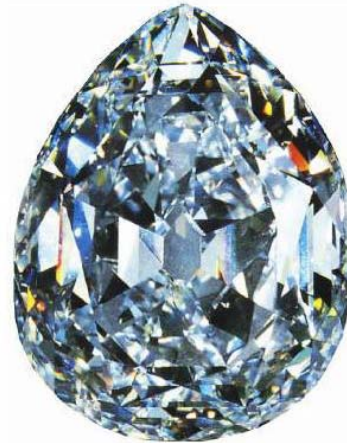
The Golden Jubilee
545 carats polished



Writing the history of diamonds



The Cullinan – 3,106 carats – the largest rough gem diamond ever discovered



Also source of the largest polished diamonds in the world, such as The Great Star of Africa (530 carats)

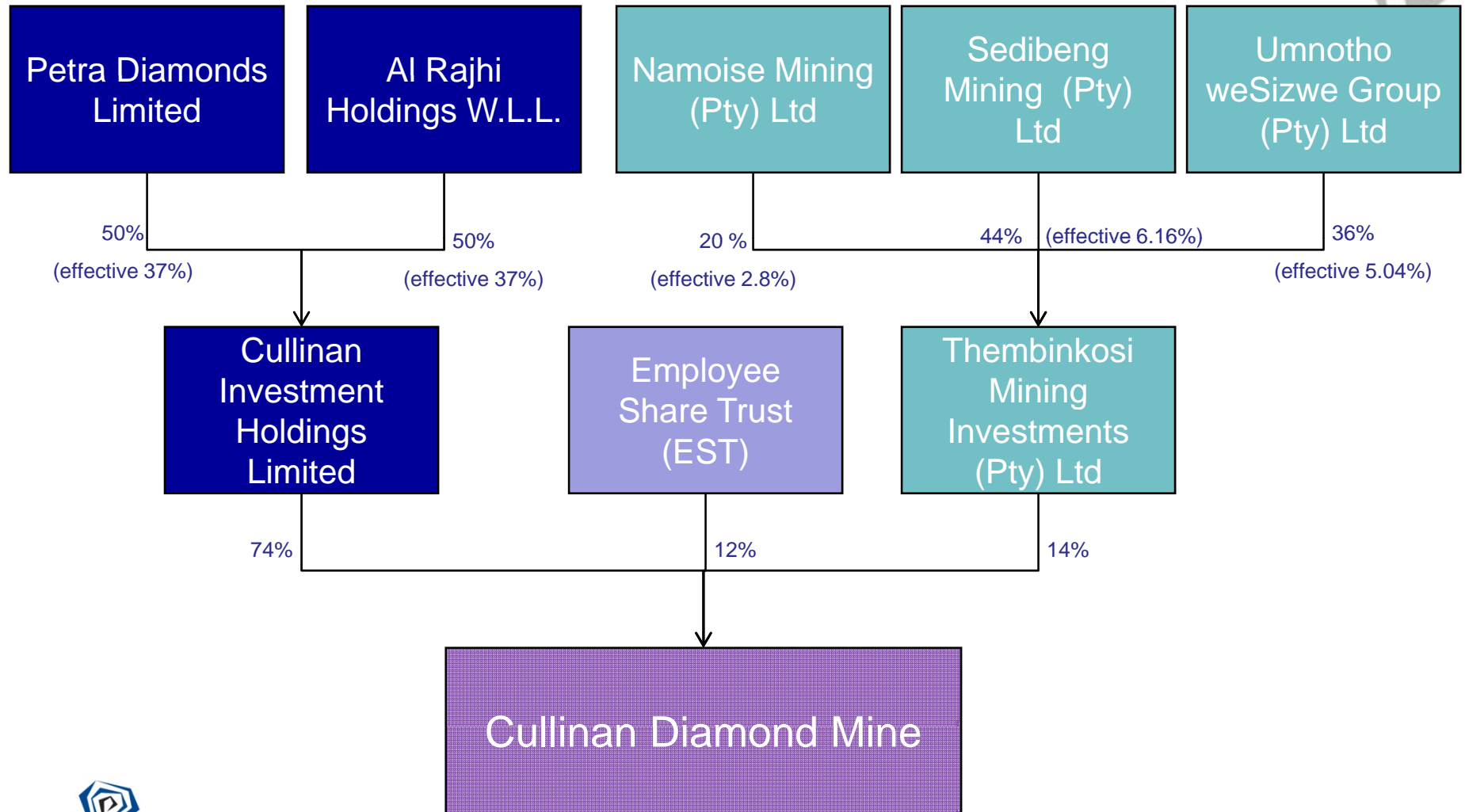
Acquisition details



- Petra Diamonds Cullinan Consortium (PDCC) to acquire Cullinan as a going concern
- The mining and associated assets as well as environmental and employee related liabilities have been purchased from De Beers
- The total consideration of R1 billion (US\$149.0 million) is payable when the conditions precedent have been met
- Petra's share of the consideration (as a member of PDCC) is R325 million (US\$48.4million)
- 1,5 million warrants issued to Al Rajhi @ £1.80 to provide bank guarantees on behalf of PDCC



Ownership structure



Petra / Al Rajhi - Overview



	Effective Interest	
	Petra	Al Rajhi
Initial effective interest	37.0%	37.0%
Upon US\$100m Al Rajhi loan repayment from Cullinan cash flows	44.4%	29.6%
1 st buy-back option at \$33m expiring 31-Dec-2011 ⁽¹⁾	51.0%	23.0%
2 nd buy-back option at \$67m expiring 31-Dec-2013 ⁽²⁾	60.0%	14.0%

Notes

- 1 . Assumed fair market value US\$500m
2. Assumed fair market value US\$750m

Cullinan Assets



Cullinan comprises two major assets -



1st Asset

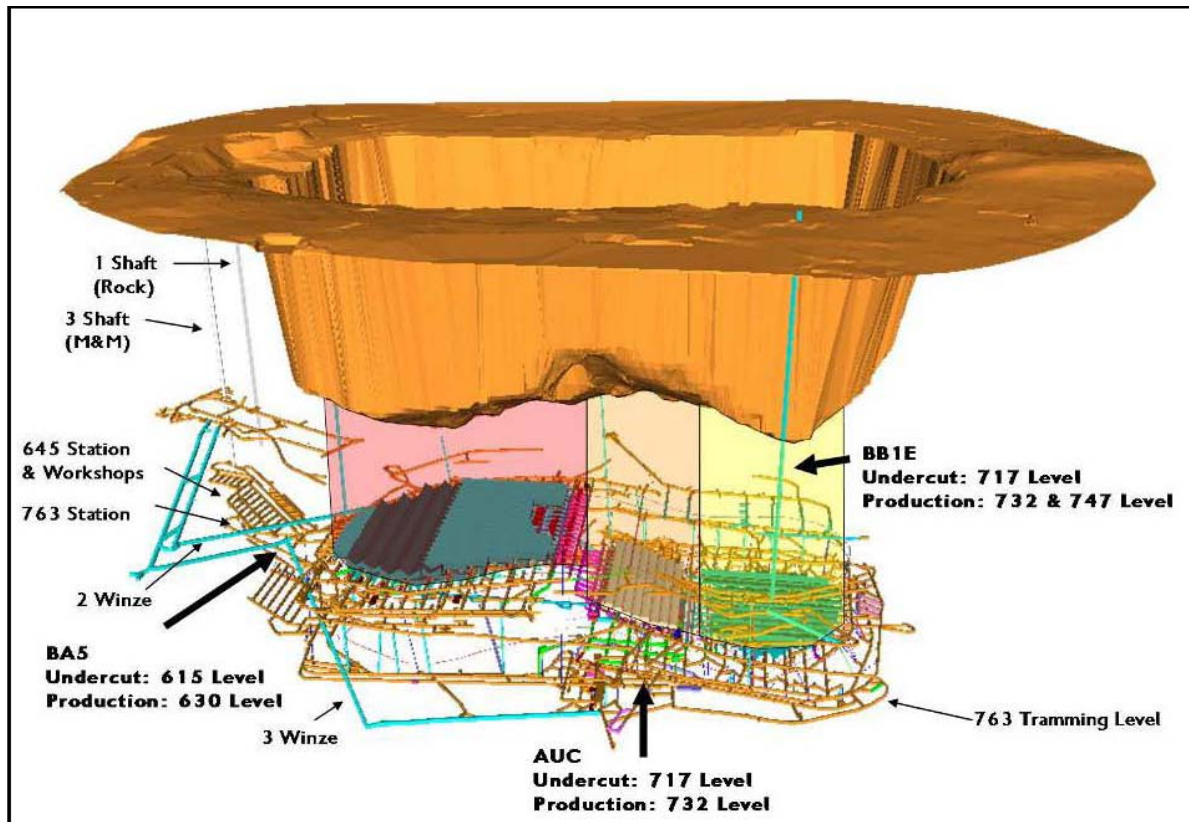
- Major operating mine, with capacity & infrastructure to produce over 1 million carats p.a.

2nd Asset

- The C-Cut resource

De Beers operation = world class facilities, infrastructure and skilled people

Mining layout

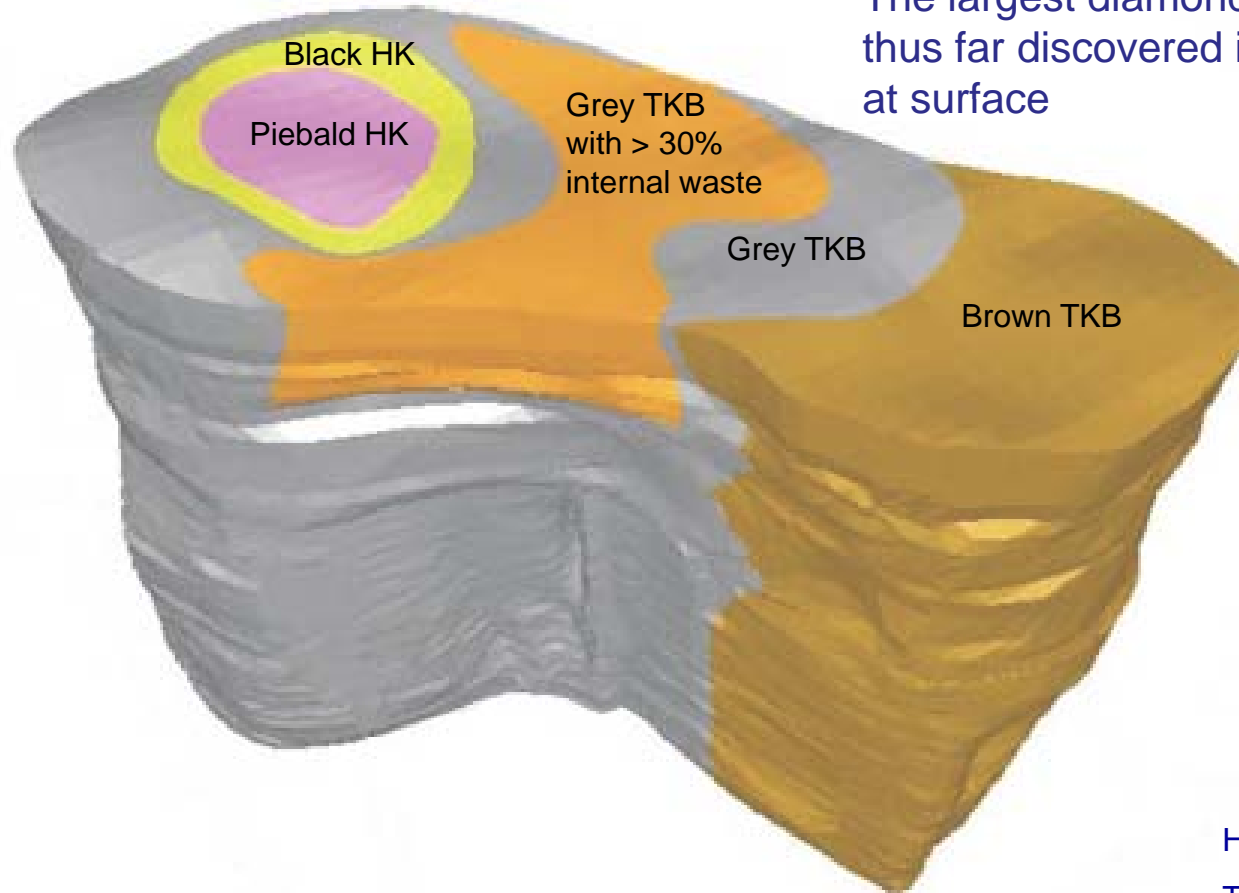


Isometric view of Cullinan mining operations

Geology - Overview



The largest diamondiferous kimberlite pipe thus far discovered in South Africa, at 32ha at surface



HK – Hypabyssal Kimberlite

TKB – Tuffisitic Kimberlite Breccia

Cullinan kimberlite geology

Conclusion

- The Petra consortium acquires one of the world's largest indicated diamond resource
- Petra now poised to substantially increase total production in the financial year 2010
- Evidence suggests that large diamonds and rare blue diamonds may be recovered
- Petra is delivering on its strategy to become a substantial diamond producer to complement its world class exploration assets
- Petra is well placed to benefit from a buoyant and growing diamond market



Crown Jewels containing the Great Star of Africa (530 carats) and the Lesser Star of Africa (317 carats) both cut from the Cullinan Diamond



PetraDiamonds

THANK YOU

www.petradiamonds.com
