

Regulatory Announcement

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Petra Diamonds Limited

Preliminary Results Announcement for the year ended 30 June 2008 (unaudited)

Petra Diamonds Limited ("Petra" or "the Company" or "the Group"), the international diamond mining group, announces its preliminary results (unaudited) for the year ended 30 June 2008 ("the Period").

Since July 2007 the Company has successfully grown its base of production assets through the separate acquisitions of the Cullinan and Kimberley Underground diamond mines and, most recently, Williamson. These mines complement Petra's existing production base (Koffiefontein and the fissure mines) and world class exploration portfolio in Angola (Alto Cuilo and Luangue), Botswana (Kalahari Diamonds) together with operations in Sierra Leone (Kono). Petra is now one of the world's largest independent diamond groups on a resource basis.

The results for the Period record substantial revenue and margin growth set against the background of these ground-breaking acquisitions. The Company is also pleased to report its first full year profits following the successful development from an exploration base into a leading diamond producer and exploration group. Petra's objective is to continue to grow production, developing its stature as a leading diamond producer in all of the countries in which it operates.

SUMMARY OF RESULTS (unaudited)

	12 months to 30 June 2008 US\$ million	12 months to 30 June 2007 US\$ million
Revenue ¹	76.9	17.0
Gross profit ²	39.2	1.3
Other operating income	1.1	-
Exploration expense ²	(9.5)	(1.2)
Other operating expense ²	(5.3)	(5.3)
EBITDA	25.5	(5.2)
Depreciation	(7.1)	(6.5)
Amortisation	(3.8)	(3.7)
Share based expense	(1.6)	(0.4)
Foreign exchange loss	(4.0)	(4.8)
Net finance income/(expense)	0.2	(1.6)
Loss from discontinued operations	(1.4)	(0.6)
Tax (charge)/credit	(5.9)	1.9
Net profit/(loss) after tax - Group	1.9	(20.9)
Basic and diluted loss per share attributable to the equity holders of the parent company ³ - cents	(3.9)	(13.6)
Cash at bank	37.4	44.1

Notes:

1. The results for the Period comprise Koffiefontein and Petra's fissure mines, Helam, Sedibeng and Star (the "Fissure Mines"). The acquisition of the Cullinan mine by the Petra Diamonds Cullinan Consortium was completed on 15 July 2008 and Petra will account for its 37% interest in Cullinan from that date.
2. Stated before depreciation, amortisation of intangibles, interest paid and foreign exchange loss
3. Stated after minority interests (BEE partners Koffiefontein and Sedibeng) of US\$9,187,638

HIGHLIGHTS FOR THE PERIOD AND TRADING UPDATE TO 23 SEPTEMBER 2008

FINANCIAL

- Group revenue for the Period up 352% to US\$76.9 million (June 2007: US\$17.0 million)
- On-mine gross profit (before depreciation) for the Period of US\$39.2 million (2007: US\$1.3 million);
- EBITDA for the Period US\$25.5 million, from a prior year loss of US\$5.2 million; a solid platform for further revenue and EBITDA growth is in place
- Strong results largely due to Koffiefontein contribution for the Period; Cullinan, Williamson and Kimberley Underground will all come on stream in financial year ("FY") 2009
- Profit after tax of US\$1.9 million (June 2007: loss US\$20.9 million); profit impacted by sole funding of US\$7.8 million for Angola exploration projects and an exchange loss of US\$4.0 million, the majority of which is due to unrealised foreign exchange losses on the annual restatement of foreign subsidiary inter-company loans

CORPORATE

- Petra acquired interests in the Cullinan and Kimberley Underground mines from De Beers; Petra took over operations at Cullinan 16 July 2008;

- Kimberley Underground acquisition expected to complete December 2008
- Group resource update issued 23 September 2008 - 265 million carats, worth US\$27.3 billion, a transformational increase (October 2007: 11.38 million carats, worth US\$1.9 billion)
- Petra resumes control at Alto Cuilo and Luangue in Angola, following BHP Billiton's withdrawal from the projects

OPERATIONS

- Production of 200,287 carats for the Period; fivefold production increase expected to over 1 million carats for FY 2009 with the new mines coming on stream
- Record diamond prices achieved at all operations - Koffiefontein confirmed as one of world's top kimberlite mines by value, achieving average of US\$484 per carat for FY 2008
- First full year production at Koffiefontein - spectacular economic turnaround achieved
- Refocus of exploration in Angola; bulk sampling of resedimented volcanoclastic kimberlite material at Alto Cuilo yields higher grades; 138 anomalies identified at neighbouring Luangue and 4 new kimberlites confirmed
- Discovery of two new kimberlites in Botswana
- Trial mining continues with first tender of diamonds from Sierra Leone

UPDATE POST PERIOD END

- Petra acquires majority interest in the renowned Williamson mine in Tanzania for US\$10 million
- Group attributable revenue (South African operations) of US\$14.8 million from first tender in FY 2009 (comprising parcels from eight weeks production at Koffiefontein and the fissure mines, as well as the first four weeks Petra production at Cullinan) (gross tender revenue US\$23.2 million), a solid start for further revenue growth in the year to June 2009
- Operations successfully assumed at Cullinan and all plans on track
- First tender of Cullinan production (66,127 carats) recorded an average price of US\$100 per carat, boding very well for the future success of this historic mine
- 126.69 carat stone from fissure mines sold for US\$5.25 million (US\$41,448 per carat), the most valuable sale in Petra's history
- Petra disposes of Calibrated Diamonds for a consideration of R47 million (US\$5.9 million), in line with focus on the Group's core production and exploration activities

Adonis Pouroulis, Chairman, said, "Petra has now evolved into a diamond group of global significance with the acquisitions of Cullinan, Kimberley Underground and most recently Williamson. Further, the success at Koffiefontein clearly demonstrates our distinctive ability to turn such mines to account, and we look forward to achieving similar results at these acquisitions.

"We have at the same time established a world class total resource base of 265 million carats, worth US\$27.3 billion. Our focused exploration projects have the potential to increase this resource base still further.

"The transformation of Petra is due to the unwavering efforts of Petra's management team in what have been, at times, very challenging circumstances. I thank them for everything that has been achieved, and look forward to the results that I have no doubt will be delivered from Petra's enlarged asset base."

Conference Call

Petra Diamonds' management will be discussing these results on a conference call at 10:00am (UK time) today. The numbers required to dial in are listed below. The conference call will be made available afterwards at www.petradiamonds.com

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About Petra Diamonds

Petra Diamonds is an international diamond mining group with a balanced portfolio combining major producing mines and world class exploration assets. With operations in South Africa, Angola, Botswana, Sierra Leone and Tanzania (following completion of the acquisition of the Williamson Diamond Mine in October 2008), Petra's objective is to continue to grow production, developing its stature as a leading diamond producer in all of the countries in which it operates.

In South Africa, Petra currently has five producing mines - Cullinan, Koffiefontein, Helam, Sedibeng and Star. The Group has also reached agreement to acquire two further assets from De Beers - the Kimberley Underground mines, also in South Africa, and the Williamson mine in Tanzania. The group is on track to increase its annual production from 200,000 carats in the year to June 2008 to over 1 million carats in the year to June 2009.

Complementing the Group's production is an exploration and development portfolio spread across some of the world's most prospective diamond fields. In Angola, Petra is developing the world class Alto Cuilo and neighbouring Luangue projects. In Botswana, Petra has established the largest diamond exploration landholding in the country, where it believes that modern exploration techniques will hold the key to the discovery of new, major kimberlites. In Sierra Leone, Petra is developing a fissure operation with its JV partner Stellar Diamonds and test work to date indicates the potential for economic operations.

The Petra group now employs some 4,000 people and over the last 10 years the Company has developed a range of social initiatives which continue to make a meaningful impact upon the lives of employees and surrounding communities. Petra's focus remains upon sustainable development, via educational programmes and skills transfer, to ensure a broad based approach with a lasting legacy, and all operations are carried out with the highest regard for the environment according to best practice. Petra will only commit to working in countries which are members of the Kimberley Process and shareholders can remain assured that Petra's diamonds will only ever be 100% conflict free.

CHAIRMAN'S STATEMENT

It is with great pleasure that I present to you the results for the year to June 2008, a period that completes Petra's transition from a junior mining company into a diamond producer of global significance.

We have completed the acquisitions of the Cullinan and Koffiefontein mines, and we have reached agreement to acquire a further two major producing assets, the Kimberley Underground mines in South Africa as well as, post the Period end, the Williamson mine in Tanzania. As global diamond supply remains constrained, these major mines, together with their reserves and resources, underpin our future success as an important diamond producer.

The market for diamonds

Industry experts have forecast a significant and growing supply shortage of rough diamonds, expected to be worth some US\$5 billion by 2010 (source: BMO Capital Markets), and this shortfall is reflected in the strength of the market. Diamond prices have risen, on average, by 40% since January 2007 (source: BMO Capital Markets), whilst the very high end goods grew far more rapidly, rising by 70% or more in the same period. Given that certain of Petra's assets are renowned for the production of large, high value and fancy coloured diamonds, we are very well placed to benefit from this market dynamic and have indeed achieved record prices for the Period across all our operations.

Supply shortages grow more acute as demand continues to rise rapidly from emerging economies and, in particular, the ever wealthier consumers of China, India, Russia and the Gulf States. It is difficult to see how the industry will satisfy this rising demand, given the structural constraints on increasing production. The supply picture is exacerbated this year, with diamond production predicted to decrease by 10% to 138 million carats in 2008, whilst world retail diamond jewellery sales are anticipated to be 2% to 3% higher than the US\$76bn recorded in 2007 (source: Allan Hochreiter).

Recent turmoil in the world economy is bound to have some effect on demand and prices, but we remain confident about the medium to long term outlook.

Accelerated growth

We have delivered on our objective of growing our production base with the landmark agreements to acquire a further three major diamond mines: Cullinan, Kimberley Underground and Williamson. The acquisition of Cullinan completed in July 2008, and we expect the Williamson and Kimberley Underground acquisitions to complete in October and December 2008 respectively.

The Cullinan mine is a 'company maker' asset, in that it is the world's second largest indicated diamond resource by in-situ value. It is one of history's most celebrated diamond mines, having produced some of the most spectacular diamonds ever seen, including the Cullinan, the largest ever gem diamond at 3,106 carats. It is likewise renowned as the world's only significant source of blue diamonds, which are highly prized.

Kimberley Underground will add further substantial annual production in excess of 100,000 carats to the Group. Kimberley Underground comprises three mines - Bultfontein, Wesselton and Dutoitspan - and it is a little known fact that these mines have also historically produced famous and high-value diamonds, such as The Oppenheimer, a 253.7 carat diamond which was recovered at Dutoitspan in 1964.

A further achievement for Petra is the agreement, signed in September 2008, to acquire a majority stake in the Williamson mine. We are taking over Williamson as a going concern which will increase Group production and revenues from October 2008. However, our plan is to ramp-up the operation to 7.5 million tonnes per annum over a two year period, at which point the mine is expected to dramatically enhance Group earnings. The Williamson acquisition also marks Petra's entry into stable and investor-friendly Tanzania, further diversifying the Group's geographical spread across Africa.

The successful integration and financial results of the Koffiefontein mine has proven our ability to take on a major mine and turn it to account, with the economic transformation of the mine being nothing short of spectacular. Koffiefontein now holds its head high as one of the world's top kimberlite mines by profit margin and by carat value, achieving an average value per carat of US\$484 for the Period.

With the acquisitions we have made, Petra is not only revitalising some of the world's great diamond mines, but also breathing life into the surrounding communities, delivering true sustainable development. In South Africa, we have also complied fully with black economic empowerment ("BEE") legislation from the outset across each of our transactions.

We are proud of the strong relationships we have cultivated and, in particular, I would like to thank De Beers and the Department of Minerals and Energy for the work they have done to encourage growth and development in the diamond industry, helping to facilitate broad ownership and competition within the South African diamond sector.

Exploration progress

In Angola, we have assumed control of the neighbouring Alto Cuilo and Luangue exploration projects following BHP Billiton's decision to withdraw from the respective joint ventures. Whilst our joint ventures with BHP Billiton were rewarding, we are pleased to have the opportunity to take the exploration programmes forward under our own direction. As one of the first foreign mining companies to enter Angola, our long experience and history leaves us well positioned to be one of the country's prominent diamond mining groups in the future.

Botswana is the world's largest diamond producer by value and we hold the largest diamond exploration landholding in this highly prospective country. We continue to carry out a systematic and rigorous approach to exploration and we remain very excited by the opportunities there. Our success at finding new kimberlites within areas which have previously been thoroughly explored proves that the country holds excellent exploration potential.

In Sierra Leone we continue to be encouraged by the results of exploration and trial mining at our Kono project, a joint venture with Stellar Diamonds.

Focus on our core business

Petra has today announced the disposal of Calibrated Diamonds Investment Holdings (Pty) Limited ("Calibrated") to Gem Diamonds Limited ("Gem Diamonds") for a consideration of R47 million. Following the substantial and successful growth of the Group's production and revenue base, Petra decided to dispose of the business to focus on its core skills of diamond production and exploration.

The transaction with Gem Diamonds gives Petra options with regards to access to Gem Diamonds' beneficiation facilities. Petra will continue to evaluate its beneficiation strategy over the medium term, particularly with regards to certain of its mines which are renowned for the production of high value and large diamonds.

Continuing delivery

We now expect to meet, and probably comfortably exceed, our target of 1 million carats production in the year to June 2009. This increased production will be delivered on a sound, well-planned basis and always with the highest regard for safety and good practice.

Our production portfolio complements Petra's world class international exploration projects. These exploration projects, along with organic growth from our existing mines, form the building blocks of future production.

Petra has now evolved into a diamond group of global significance with the acquisitions of Cullinan, Kimberley Underground and most recently Williamson. Further, the success at Koffiefontein clearly demonstrates our distinctive ability to turn such mines to account, and we look forward to achieving similar results at the recent acquisitions. We have now established a world class total resource base of 265 million carats, worth US\$27.3 billion. I am confident that our exploration projects will, in time, increase this resource base still further.

The transformation of Petra is due to the unwavering efforts of Petra's management team in what have been, at times, very challenging circumstances. I thank them for everything that has been achieved, and look forward to the results that I have no doubt will be delivered from Petra's enlarged asset base.

Adonis Pouroulis
Chairman

CHIEF EXECUTIVE OFFICER'S REVIEW

I am pleased to provide a review of what has been an exceptional period for Petra.

We were successful in acquiring three more mines, each from De Beers, being Cullinan, Kimberley Underground, and post Period-end, Williamson. Our revenues and margins have grown substantially, largely due to the success at the Koffiefontein mine, enjoying its first year of production in our hands and we have taken control of our highly prospective exploration projects in Angola, Alto Cuilo and Luangue.

Results

Revenue for the Period of US\$76.9 million was recorded, an increase of 352% over the US\$17.0 million for 2007. This growth was largely due to the first full year's results from Koffiefontein, contributing revenue of US\$51 million to the Group. The increased revenue combined with sound control of mining costs led to a gross profit on mine (before depreciation) of US\$39.2 million, a substantial number for the Group (2007; US\$1.3 million) and evidence of the increasing quality of the assets in the Petra stable and management's success in turning them to account.

EBITDA of US\$25.5 million (2007: US\$ 5.2 million loss) was impacted by Petra's decision to take up control and sole funding of the Alto Cuilo joint ventures, following BHP Billiton's decision to withdraw. Petra's spend in Angola for the year was US\$7.8 million, and as previously announced, Petra will review the work programmes and associated spend early in 2009 on the basis of exploration results.

The Group prides itself in its well managed cost culture and this came across in the contained group operating expenses, a remarkable achievement given the increasing size of the Group's operations and corporate support requirements.

The Group profit for the year amounted to US\$1.9 million (2007: US\$20.9 loss) and is stated after;

- (i) depreciation of US\$7.1 million (2007: US\$6.5 million);
- (ii) amortisation of intangibles of US\$3.8 million (2007: US\$3.7 million), which is in respect of the Botswana prospecting licences;
- (iii) share based expenses of US\$1.6 million (2007: US\$0.4 million);
- (iv) exchange losses of US\$4.0 million (30 June 2007: US\$4.8 million), the majority of which are due to unrealised foreign exchange losses on the annual restatement of foreign subsidiary inter-company loans;
- (v) the operating expenses of Calibrated Diamonds (US\$1.4 million), which the Group announced today has been disposed of; and
- (vi) a tax charge of US\$5.9 million, being tax payable of US\$1.4 million relating to Koffiefontein and Sedibeng and the balance of US\$4.5 million being deferred tax.

Reserves and resources

Petra today published an updated statement of the Group's reserves and resources. Petra's reserve and resource estimate has changed beyond all recognition to the updated carat base of 265 million carats gross (121 million carats attributable) (October 2007: 11.38 million carats gross; 9.33 million carats attributable). The in-situ value of US\$27.3 billion gross (US\$13.7 billion attributable) is a transformational increase for the Group (October 2007: US\$1.9 billion gross / US\$1.5 billion attributable).

This increase is due to the inclusion of Cullinan, the world's second largest indicated diamond resource by in-situ value at 208 million carats, Williamson, a major resource of over 40 million carats and Kimberley Underground, at over 6 million carats. A summary of the reserves and resources for the combined Petra operations is shown below.

The compilation of such a major resource base is perhaps one of the most significant achievements of the Group in the last year, and it places Petra far above its peer group in terms of resource size. This has enabled us to achieve a geographical spread as well as a diverse mix of mining operations, from underground to open cast. We shall continue to deliver growth to our shareholders by bringing this world-class resource base to account.

SUMMARY OF RESERVES AND RESOURCES BY STATUS - COMBINED OPERATIONS - SEPTEMBER 2008

Category	Gross			Net attributable		
	Tonnes (millions)	Grade (cpht)	Contained Diamonds (mcts)	Tonnes (millions)	Grade (cpht)	Contained Diamonds (mcts)
Ore/Diamond Reserves						
Proven	19,819	7.51	1,488	14,195	8.83	1,254
Probable	39,794	30.43	12,111	23,192	26.44	6,132
Total Diamond Reserves	59,613	22.81	13,599	37,386	19.76	7,386
Diamond Resources						
Measured	-	-	-	-	-	-
Indicated	366,760	51.66	189,460	177,173	40.98	72,606
Inferred	1,207,838	5.16	62,283	838,358	4.86	40,762
Total Diamond Resources	1,574,598	15.99	251,742	1,015,531	11.16	113,368
Total Carat Base (million)		265.341			120.754	
Estimated Value (US\$ million)		\$27,293			\$13,674	

Note 1: "cpht" - carats per hundred tonnes; "mcts" - millions of carats

Note 2: The statement is in respect of the Cullinan, Koffiefontein, Williamson, Kimberley Underground, Helam, Sedibeng and Star mines. Although the acquisitions by Petra of majority interests in the Williamson and Kimberley Underground mines are only expected to complete by end October and end December 2008 respectively, Petra considers it appropriate to disclose to shareholders the total reserves and resources that will very shortly accrue to the Group.

Production - South Africa

Production and sales summary - combined Koffiefontein and Fissures Mines

	Unit	Year ended 30 June 2008	Year ended 30 June 2007
Production			
Diamonds produced	Carats	200,287	180,474
Sales			
Revenue	US\$M	77.3 ²	16.7
Diamonds sold	Carats	230,172	122,821
Average price per carat	US\$	336	136

Note 1: All production and sales figures are stated gross

Note 2: Group revenue of US\$76.9 is lower due to inter-company transactions between the mines and Calibrated

Cullinan

In November 2007, Petra signed a landmark deal (as part of the Petra-led Petra Diamonds Cullinan Consortium ("PDCC")) to acquire the Cullinan diamond

mine from De Beers for a cash consideration of R1 billion. As with the acquisitions of Koffiefontein and the Kimberley Underground mines, this agreement followed a rigorous and competitive tender process. Cullinan is renowned for producing many of the world's largest and most famous diamonds, including the largest ever gem diamond, the 'Cullinan' at 3,106 carats rough, as well as more than a quarter of all diamonds weighing more than 400 carats.

The PDCC comprises Petra Diamonds Limited (37% initial interest), Al Rajhi Holdings W.L.L. ("Al Rajhi") (37% initial interest) and PDCC's BEE partners (26% interest). Importantly, the agreements in place between Petra and Al Rajhi, who provided the majority of the funding for the transaction, give Petra the right to increase its interest in PDCC (from Al Rajhi) to 60% based on performance of the mine and pre-agreed option payments. The Cullinan transaction was structured to meet the requirements of the Minerals and Petroleum Resources Development Act in that it supports broad-based BEE.

In July 2008, the acquisition of this iconic mine was completed. Petra has been operating the mine for just over two months (at the time of writing this report), and all hand-over and integration projects have been concluded very satisfactorily. I thank De Beers' management, as well as the on-the-ground and legal teams from both parties, for the smooth and effective implementation of this transaction.

During our first year of operation, we will focus on establishing the new economics of the mine, including grade, value per carat, cost per tonne and overall production capacity of the infrastructure. For FY 2009, we will mine the B-Cut at a planned rate of 1.4 to 1.8 million tonnes per annum, which is expected to yield between 600,000 and 750,000 carats of diamonds. We then plan to progressively ramp up production levels to around 1 million carats per annum from financial year 2010, which has the potential to deliver annual revenues of some US\$100 million (all figures are stated gross to the PDCC).

We are currently in the process of making major alterations to the processing of ore by implementing changes within the plant, with the objective to improve the grade and place emphasis on the recovery of the whole spectrum of diamonds. By attending to projects such as these while applying a similar formula as we did successfully at Koffiefontein - that is, flat management structures, lower overheads, in-house capital development and project management - we are confident that we will turn in strong financial performances at Cullinan and deliver the corresponding returns to shareholders.

In September, we held our first tender of goods from Cullinan and achieved an average value of US\$100 per carat for the parcel of 66,127 carats. The parcel included a 26.54 carat white diamond, which sold for US\$1,625,000. These values bode very well for the economic future of the mine and we look forward to values increasing further as we bring our production enhancements to account. To view pictures of the diamonds sold on tender, please visit www.petradiamonds.com.

Koffiefontein

Petra completed the acquisition of the Koffiefontein mine from De Beers in July 2007 and Petra has now been producing at the mine for one year. Bringing this operation back into production has gone exceptionally well and our mine management team has successfully turned Koffiefontein into a highly profitable operation.

Production for the year at Koffiefontein was 89,622 carats, with an average value per carat achieved of US\$484, making it one of the world's top kimberlite mines by value. Recovered grade for the first year of operation was 9.1 cpht, a reflection of the encouraging changes made by Petra in the treatment plant as well as underground mining practices. This is a significant improvement on the grade modelled in the original business plan of 7.4 cpht.

One of the ways in which Petra is able to add value to its operations is to focus on overhead cost structures and, at the same time ensure the optimisation of plant throughput. At Koffiefontein, for example, not only are we running at higher grades than anticipated, but we are also achieving a good size distribution, especially in the 'special' stones that in turn achieve an excellent price.

Costs and capital expenditure ("Capex") were both in line with management expectations. The cash costs at Koffiefontein ran at approximately R90 per tonne, a level which (other than inflation based increases) we expect to maintain going forward. Capex for the Period was US\$3.7 million, with total Capex spend at the mine for the 12 months to June 2009 expected to be US\$5.0 million, including the installation of electricity generation capacity.

Notable recoveries during the Period included a 74.7 carat diamond which was sold in September 2007 for just over US\$1 million and a 41.67 carat diamond sold in June 2008 for US\$1.8 million. We were also encouraged by the recovery of a fine quality, fancy pink diamond of 4.13 carats at Koffiefontein and this was sold in our recent tender for US\$226,666.

Koffiefontein mine

	Unit	Year ended 30 June 2008	Year ended 30 June 2007
Production			
Diamonds produced	Carats	89,622	44,423
Grade	Cpht	9.1	7.7
Sales			
Revenue	US\$M	51.0	-
Diamonds sold	Carats	105,479	-
Average price per carat	US\$	484	-

Note 1: All production and sales figures are stated gross; 70% is attributable to the Group

Kimberley Underground

In September 2007 Petra reached agreement, following a competitive tender process, to acquire Kimberley Underground from De Beers, for a total consideration of R78.5 million. The acquisition is expected to complete in December 2008. Kimberley Underground comprises Wesselton, Dutoitspan and Bultfontein, three historic mines which were at the heart of South Africa's diamond rush in the late 1800's.

As Kimberley Underground last produced under De Beers in August 2005, Petra is currently operating the mines on a care and maintenance basis on behalf of De Beers until all required mining authorisations are received from the South African authorities. Sound progress has been made towards the commissioning of the operations and we have been conducting a range of rehabilitation and maintenance activities at the mine, such as the rehabilitation of the winders, to ready the mine for production.

We decided that it would serve our purpose better to build our own custom plants at Kimberley Underground, rather than purchase the old NTP plant, in keeping with the Petra ethos to carry out such construction work in-house wherever possible. To this end, fabrication is nearly complete and erection of the plants at site will begin shortly. Commissioning is now scheduled for January 2009 and production build-up will commence in February 2009. The plants have been designed to cater for the large diamonds known to exist in the Kimberley mines, the largest of which was over 800 carats. Petra expects diamond recoveries and sales to begin in the first quarter of 2009.

Based on historical production and sales information, we expect annual sales in excess of 100,000 carats at an average value of US\$160 per carat once full production is recommenced, giving gross annual revenues in excess of US\$16 million and a mine life of at least 12 years.

Fissure Mines (Helam, Sedibeng & Star)

At the fissure mines, our attention has shifted from volume of carats produced to optimisation of revenues by focus on grade and final recovery, resulting in the average value per carat achieved increasing from US\$136 per carat for the year ending 30 June 2007 to \$211 per carat for the Period. Average cash costs per tonne ran at approximately R530 per tonne overall for the three fissure mines, a level which management is confident can be substantially improved upon Capex for the Period was US\$3.45 million.

Production for the year at the fissure mines was 110,665 carats, lower than production for the financial year to June 2007 of 136,051 carats. This was due to reduced tonnages hauled at the Helam mine, which is the smallest contributor of our producing operations by value. Given the power issues which we have had to contend with, management has at all times chosen to focus resources at those assets which add most value to shareholders - being our larger and higher value kimberlite pipe mines. The skill shortages and power supply situations in South Africa have meant that the Company is redirecting management attention to continue improving efficiencies via further mechanisation and other initiatives.

mm	-0.82	+0.82	+1.15	+1.47	+2	+2.35	+2.86	+3.85	+4.62	+4.93	+5.56	+7.09	
No. of Stones	0	322	782	975	352	230	137	27	6	14	7	1	2,853
Total Carats	0	5.16	22.63	57	39.18	41.21	45.56	20.64	5.78	17.47	14.76	3.99	273.38

An initial work programme budget of US\$10 million is being funded from Petra's internal cash resources over the period to end December 2008. The exploration results will then be reviewed and a decision will be made with regards to further investment at that time.

Luangue

At the neighbouring Luangue, our work programme for the year confirmed its status as a world class diamond exploration project. A low level, high resolution "towed bird" aeromagnetic survey identified no less than 138 targets, with a total surface area estimated to be in excess of 8,000 hectares.

As with Alto Cuilo, we are targeting the RVK close to surface at the estimated crater rim locality, which has been shown by exploration at Alto Cuilo to be the area most likely to host economic mineralisation, due to diamond concentration and upgrade in stone size.

The budget of US\$12 million of our initial work programme is being funded from our internal cash resources over the period to end April 2009. The exploration results will then be reviewed and a decision will be made with regards to further investment at that time.

Five kimberlites had already been identified by previous exploration work and an extensive narrow diameter ("NDD") drilling programme, which commenced in July 2008, is now underway to test 49 prioritised targets, of which 26 total approximately 1,800 hectares.

The first phase of the NDD programme has been designed to intersect near-surface proximal RVK deposits based on the magnetic response from the airborne magnetic survey carried out late last year. To date a total of 1,700 metres have been drilled in 12 narrow diameter drill holes positioned to test each anomaly, resulting in the discovery of four new kimberlites: L60, L65, L76 and L87. We have also confirmed that one kimberlite drilled previously, L67, is significantly larger than was previously thought with its size now estimated to be 234 hectares.

Highlights of the drilling programme to date are three holes into anomaly L87 in the north-west corner of the concession. The L87 anomaly is 228 hectares in size, representing an elongate body that appears to be made up of three lobes. Three narrow diameter drill holes positioned to test each lobe of the body have all intersected RVK, with the best intersection to date occurring in BH L87-2 where RVK has been intersected from 56 metres to 150 metres below surface.

Exploration - Botswana

In Botswana, we have achieved a number of notable successes with regards to our exploration programme, including the discovery of two new kimberlites in previously heavily prospected terrain.

One such kimberlite is BK1S, which is contiguous to Debswana's producing Damtshaa mine. The kimberlite discovery extends northwards into the Debswana mining licence and the portion in our licence areas could represent 20 to 30 percent of the total kimberlite, and we have therefore been in contact with Debswana in relation to this discovery.

Our Botswana programme will continue to yield information as we get results back from the drilling campaign underway in the Kukama project area. Targets include the GO173S kimberlite cluster which has been modelled as a "champagne glass" shaped kimberlite with a surface area of approximately 25 hectares.

The drilling campaign will also test kimberlites DK4 and DK6, in the near vicinity of the Jwaneng diamond mine. Both kimberlites have been proven to be diamondiferous and our interpretation of the modelled data suggests that they are much larger than originally expected.

Exploration - Sierra Leone

Exploration and trial mining operations at our Kono project in Sierra Leone, a joint venture with Stellar Diamonds, continue to yield encouraging results. The first parcel of Kono test production (1,064 carats) was sold on tender this September, with the Pol-K shaft parcel of 866 carats achieving an average value per carat of US\$152. As diamond production from the trial mining increases over the coming months, we will be able to offset total project expenditure against the revenues generated by regular diamond sales. As trial mining and regular sales continue, we will further establish the parameters for a production decision.

Due to the considerable exploration potential at Kono, a 3,167 line km airborne electromagnetic geophysical survey has been completed by Fugro Airborne Surveys, the objective being the discovery of kimberlite pipes and blows. Processing of the data, which we outsourced to an external expert, is complete and final interpretations should be available before the end of October 2008.

Cutting & Polishing

Petra today announced the disposal to Gem Diamonds of its entire interest in Calibrated, a business it acquired in November 2006 for R47.0 million (US\$5.9 million). This disposal follows the substantial growth of Petra's production and revenue base, and the Board's decision to focus on the Group's core skills of diamond production and exploration.

Petra originally acquired Calibrated with the objective of growing Group revenues by cutting and polishing ('beneficiating') Petra's own rough diamond production using Calibrated's proprietary technology processes. However, since the acquisition of Calibrated, Petra has transformed its diamond production operations with the acquisitions of the Cullinan, Koffiefontein, Kimberley Underground and Williamson diamond mines, with a corresponding increase in Group production from 200,000 carats in FY 2008 to over 1 million carats for FY 2009. Petra is expecting substantial revenue and cash flow growth from these assets and the increased focus will enable the Company to maximise returns.

Petra will continue to evaluate its beneficiation strategy over the medium term, particularly with regards to certain of its mines which are renowned for the production of high value and large diamonds. Indeed, the transaction agreement with Gem Diamonds includes an option which gives Petra future exposure to Gem Diamonds' soon to be established beneficiation businesses in Mauritius and Dubai.

Petra's option (exercisable for a period of 30 months) to access these facilities is subject to capacity (after the processing of Gem Diamonds' own rough production) and payment at commercial rates.

In addition, Petra has an option (exercisable for a period of 24 months) to enter into separate negotiations with Gem Diamonds to establish, using the Calibrated technology, a diamond analysis, cutting and polishing facility at Cullinan, or elsewhere in South Africa, which Petra could then use for processing its production in the longer term.

Petra has retained ownership of the polished stones (594 carats) that have been cut by Calibrated Diamonds from November 2006 to date and these diamonds will be sold by Petra in the near future.

Challenges

Rising costs

Rising costs in our operating environments have proved to be a challenge during the year. Inflation in South Africa was pegged at around 12% for the duration of our financial year, with our primary input costs for consumables such as fuel, steel, timber and explosives, for example, rising at a rate significantly in excess of that. With labour accounting for around 55% of our on mine cost base, the inflationary environment in South Africa, combined with skills shortages, resulted in wage settlements of between 11% and 18%.

Energy

The power shortages that struck South Africa in early 2008 affected us, but less so than many of our industry peers. While there was an impact on the rate

of development at the Helam Mine, the smallest contributor of our producing operations by value, at our other operations we were able to stay on track and meet our operational targets. We are in the process of installing diesel powered standby electricity at all our operations to counter any emergency cut-backs in the future and energy conservation strategies have been put in place to operate within the constraints imposed by the power utility in the year ahead.

Skills shortages

The skills shortage being experienced across the industry in southern Africa has not abated, with a great deal of competition between employers in attracting and retaining suitable staff. Fortunately, at Cullinan a highly-skilled workforce was transferred to Petra and one which we believe will stand us in good stead across our operations. At Kimberley Underground, we have had a reasonable amount of time leading up to production and have staffed the mine appropriately.

Our experience at Petra, though, has shown that the internal development of resources is an important function, along with the development of local school leavers. Most of our operations are based near small, rural towns where there is very little opportunity for employment for local school leavers. By providing training and skills development, we not only make a contribution to that community, but we develop our own valuable human capital resource. We have taken great care in building up and retaining the correct team to match the management and skills requirements of our growing portfolio.

Making a difference in the communities

In respect of the communities surrounding our operations, we are strongly committed to creating sustainable economic activity and investing, responsibly, in those projects that have a meaningful impact on individuals. As an emerging company, operating on a very different cost structure to the majors and bringing into, or sustaining production, at operations that have been closed, or might otherwise close, our greatest contribution to any community must be that of job creation. Whilst at year-end we employed 4,000 people, often the sole breadwinners in an extended family, the indirect job creation generated through local expenditure by the company and employees is also important.

It is not in Petra's, or our communities' interests, to raise expectations that cannot be met. Rather, we have chosen the route of engagement and often it is the non-financial contribution that cements our local relationships. Examples of this approach include assistance with the maintenance of local police stations and making available premises for a local orphanage.

Outlook

I would like to extend my thanks to our Board, management team and all of our employees as our success during the year is a tribute to their collective efforts.

I am very confident that the future development of Petra will continue to be exciting, and that in the year ahead we will consolidate our acquisitions by turning in further substantial increases in revenue and margin. I look forward to the year ahead and to reporting to shareholders on a very successful 2009.

Johan Dippenaar

Chief Executive Officer

PETRA DIAMONDS LIMITED - PRELIMINARY RESULTS CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008 (UNAUDITED)

	Notes	2008 US\$	2007 US\$
Revenue		76,974,897	17,048,794
Cost of sales	4	(43,498,407)	(21,003,936)
Gross profit/(loss)		33,476,490	(3,955,142)
Other operating income		1,150,513	-
Exploration expenditure	5	(14,484,792)	(6,091,669)
Other operating expenditure	6	(7,097,383)	(5,834,471)
Financial income		3,081,991	654,151
Financial expense		(6,833,796)	(7,034,185)
Net financing costs	7	(3,751,805)	(6,380,034)
Profit/(loss) before tax		9,293,023	(22,261,316)
Income tax expense		(5,925,821)	1,909,234
Profit/(loss) for the year from continuing operations		3,367,202	(20,352,082)
Loss on discontinued operations (net of tax)	11	(1,388,902)	(596,844)
Profit/(loss) for the year		1,978,300	(20,948,926)
Attributable to:			
Equity holders of the parent company		(7,209,338)	(20,948,926)
Minority interest		9,187,638	-
		1,978,300	(20,948,926)

Loss per share attributable to the equity holders of the parent during the year:

From continuing operations

Basic and diluted loss per share attributable - cents	8	(3.17)	(13.21)
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From continuing and discontinued operations

Basic and diluted loss per share - cents	8	(3.93)	(13.60)
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PETRA DIAMONDS LIMITED - PRELIMINARY RESULTS
CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
FOR THE YEAR ENDED 30 JUNE 2008
(UNAUDITED)

	Notes	2008 US\$	2007 US\$
Exchange differences on translation of foreign operations		(3,351,183)	(8,677,941)
Valuation losses recognised directly in equity		(138,299)	-
Net income recognised directly in equity		(3,489,482)	(8,677,941)
Profit/(loss) for the year		1,978,300	(20,948,926)
Total recognised income and expense for the year	9	(1,511,182)	(29,626,867)
Attributable to:			
Equity holders of the holding company		(10,698,820)	(29,626,867)
Minority shareholders		9,187,638	-
		(1,511,182)	(29,626,867)

PETRA DIAMONDS LIMITED - PRELIMINARY RESULTS
CONSOLIDATED BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2008
(UNAUDITED)

	Notes	2008 US\$	Restated 2007 US\$
ASSETS			
Non current assets			
Property, plant and equipment		90,902,372	84,872,711
Intangible assets		41,781,946	72,816,432
Investment in associates		6,636,292	-
Available for sale assets - listed		-	70,136
Other receivables		138,177	151,987
Total non-current assets		139,458,787	157,911,266
Current assets			
Inventories		11,778,572	8,900,532
Trade and other receivables		40,115,305	14,822,729
Cash and cash equivalents		37,469,370	44,124,829
Non-current assets classified as held for sale		3,681,868	-
Total current assets		93,045,115	67,848,090
Total assets		232,503,902	225,759,356
EQUITY AND LIABILITIES			
Equity			
Share capital	9	36,698,062	36,360,403
Share premium account	9	228,745,618	227,366,888
Foreign currency translation reserve	9	(9,488,037)	(6,136,854)
Hedging reserve	9	(138,299)	-
Share based payment reserve	9	3,142,465	1,527,000
Other reserves	9	4,016,968	4,003,682
Accumulated loss	9	(109,766,931)	(102,557,593)
Equity attributable to equity holders of the parent company		153,209,846	160,563,526
Minority interest		9,187,638	-
Total equity		162,397,484	160,563,526
Non current liabilities			
Loans and borrowings		1,859,679	3,103,252
Trade and other payables		4,472,091	2,800,506
Provisions		12,140,783	9,852,535
Deferred tax liabilities		13,041,589	9,551,924
Total non-current liabilities		31,514,142	25,308,217
Current liabilities			
Loans and borrowings		19,854,722	27,755,710
Trade and other payables		12,991,035	9,821,436
Current tax payable		1,420,783	-
Liabilities directly associated with non-current assets classified as held for sale		81,646	-
Derivative financial instruments		138,299	-
Provisions		4,105,791	2,310,467

Total current liabilities	38,592,276	39,887,613
Total liabilities	70,106,418	65,195,830
Total equity and liabilities	232,503,902	225,759,356

PETRA DIAMONDS LIMITED - PRELIMINARY RESULTS
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008
(UNAUDITED)

	2008 US\$	2007 US\$
Profit/(loss) before taxation for the year from continuing and discontinued operations	7,904,121	(22,858,160)
Depreciation of property plant and equipment - exploration	1,159,072	1,115,782
Depreciation of property plant and equipment - mining	5,772,464	5,274,209
Depreciation of property plant and equipment - other	142,017	113,283
Amortisation of intangible assets	3,803,634	3,740,928
Loss/(profit) on sale of property plant and equipment	3,047	(81,852)
Impairment of investment	96,593	-
Finance income	(2,484,965)	(654,151)
Finance expense	2,239,386	1,307,715
Present value adjustment on rehabilitation provision	133,277	186,121
Share based payment reserve	1,629,783	749,406
Foreign exchange loss	4,594,410	4,811,205
Operating profit/(loss) before working capital changes	24,992,839	(6,295,514)
Increase in trade and other receivables	(28,696,978)	(12,031,562)
Increase in trade and other payables	8,214,726	4,111,526
Increase in inventories	(2,878,040)	(6,133,588)
Cash flows from/(utilised in) operations	1,632,547	(20,349,138)
Finance expense	(862,335)	(1,307,715)
Net cash flows from/(utilised in) operating activities	770,212	(21,656,853)
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	919,655	568

Proceeds from sale of intangibles	22,354,768	-
Acquisition of subsidiary net of cash acquired	-	1,934,936
Finance income	2,484,965	654,151
Acquisition of investments	(6,636,292)	-
Acquisition of property, plant and equipment	(16,664,852)	(5,086,569)
Development expenditure	(4,211,646)	(3,847,301)
Net cash from investing activities	(1,753,402)	(6,344,215)
Cash flows from financing activities		
Net proceeds from the issue of share capital	2,966,654	36,087,171
Increase / (decrease) in long term borrowings	416,466	19,424,564
(Decrease)/increase in short term borrowings	(9,197,589)	9,635,689
Net cash from financing activities	(5,814,469)	65,147,424
Net (decrease)/increase in cash and cash equivalents	(6,797,659)	37,146,356
Cash and cash equivalents at beginning of the year	44,124,829	7,019,644
Effect of exchange rate fluctuations on cash held	142,201	(41,171)
Cash and cash equivalents at end of the year	37,469,370	44,124,829

PETRA DIAMONDS LIMITED - PRELIMINARY RESULTS
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008
(UNAUDITED)

1. BASIS OF PREPARATION

The financial information set out in this preliminary announcement does not constitute the group's annual report for the years ended 30 June 2008 or 2007. The financial information presented for the year ended 30 June 2007 is derived from the full annual report for that year. The auditors reported on the annual report and their report was unqualified. The audit of the annual report for the year ended 30 June 2008 is not yet complete. The annual report for the year ended 30 June 2008 will be finalised on the basis of the financial information presented by the directors in this preliminary announcement.

While the financial information included in this preliminary announcement has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS), this announcement does not itself contain sufficient information to comply with IFRS. The Company expects to publish a full annual report that complies with IFRS in October 2008.

The accounting policies applied in the preparation of this financial information are consistent with those that will be set out in the annual report for the year ended 30 June 2008.

2. CHANGE IN ACCOUNTING ESTIMATE

During the period, the group changed its accounting estimate in respect of the unrealised gains and losses arising on the translation of loans to subsidiaries into the currency in which they are denominated. Under the revised accounting estimate, loans to foreign subsidiaries that are not expected to be repaid in the foreseeable future are treated as part of the net investment in foreign operations. As a result unrealised foreign exchange gains and losses are reflected in the foreign currency translation reserve. This represents a change from the accounting treatment adopted in prior years, under which unrealised foreign exchange gains and losses arising on retranslation of loans to foreign operations were recognised in the income statement.

The revised accounting estimate is as a result of a re-assessment by the Directors due to a change in the Group's circumstances; the change in accounting estimate is applied prospectively. The revised accounting estimate better reflects the substance of the loans to subsidiaries and presents financial results, which, in the opinion of the Directors better reflects the trading results of the group.

As a result, unrealised foreign exchange losses of US\$7,241,913 arising in the year ended 30 June 2008 which relate to foreign subsidiary loans now treated as part of the net investment in foreign operations have been recognised directly in the foreign currency translation reserve. It is impractical to estimate the effect that this change will have on future periods.

The changes to the Group income statement and balance sheet relate to the Group's South African and Botswana operations.

3. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business and geographical segments. The primary format is based on the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income-earning assets and revenue, interest-bearing borrowings and expenses and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the period 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.

Business and Geographical segments

The Group comprises the following business segments:

Mining - the extraction and sale of rough diamonds from mining operations in South Africa.

Exploration - exploration activities in Angola, Botswana, Sierra Leone and South Africa.

Beneficiation - cutting and polishing of rough diamonds.

Business segments	Mining	Exploration	Beneficiation	Inter-segment	Consolidated
	2008 US\$	2008 US\$	2008 US\$	2008 US\$	2008 US\$
Revenue from external customers	77,295,691	-	827,039	(1,147,833)	76,974,897
Segment result	37,199,561	(5,010,511)	(188,579)	(1,817,805)	30,182,666
Operating profit/(loss)	28,727,290	(14,113,915)	(1,292,899)	(1,664,550)	11,655,926
Financial income	752,464	2,407,773	12,534	(90,780)	3,081,991
Financial expense	(812,956)	(5,912,303)	(108,537)	-	(6,833,796)
Income tax	(5,925,821)	-	-	-	(5,925,821)

Minority interest	(9,187,638)	-	-	-	(9,187,638)
Loss for year	13,553,339	(17,618,445)	(1,388,902)	(1,755,330)	(7,209,338)
Segment assets	95,818,569	132,552,544	4,132,789	-	232,503,902
Total assets	95,818,569	132,552,544	4,132,789	-	232,503,902
Segment liabilities	54,144,288	15,880,484	81,646	-	70,106,418
Total liabilities	54,144,288	15,880,484	81,646	-	70,106,418
Cash generated by operations	39,420,437	(33,604,992)	(5,045,233)	-	770,212
Cash flows from investing	(14,262,677)	12,496,741	12,534	-	(1,753,402)
Cash flows from financing	(13,419,335)	2,966,654	4,638,212	-	(5,814,469)
Capital expenditure	15,397,513	5,333,003	145,982	-	20,876,498
Depreciation and amortisation	5,772,464	5,010,511	94,212	-	10,877,187

Geographical segments	Angola	Botswana	South Africa	Sierra Leone	Jersey	Consolidated
	2008	2008	2008	2008	2008	2008
	US\$	US\$	US\$	US\$	US\$	US\$
Revenue from external customers	-	-	76,974,897	-	-	76,974,897
Segment assets	46,006,982	5,085,096	117,915,289	13,450,364	50,046,171	232,503,902
Segment liabilities	1,570,231	114,656	42,239,954	5,172,288	21,009,289	70,106,418
Cash flows from operations	(7,822,959)	9,423	14,510,668	(423,744)	(5,503,176)	770,212
Cash flows from investing	9,517	(93,807)	(13,556,961)	(4,211,646)	16,099,495	(1,753,402)
Cash flows from financing	-	84,384	(9,834,486)	4,211,646	276,014	(5,814,469)
Capital expenditure	-	103,449	16,561,403	4,211,646	-	20,876,498

The results from beneficiation activities represent those activities disclosed under discontinued operations as disclosed in Note 11.

Business segments	Mining	Exploration	Beneficiation	Consolidated
	2007	2007	2007	2007
	US\$	US\$	US\$	US\$
Revenue from external customers	16,712,146	336,648	-	17,048,794
Segment result	(5,851,790)	(3,495,749)	(84,877)	(9,432,416)
Operating profit/(loss)	(8,852,808)	(11,837,295)	(599,228)	(21,289,331)
Financial income	-	651,767	2,384	654,151
Financial expense	(1,140,030)	(1,082,950)	-	(2,222,980)
Income tax expense	1,909,234	-	-	1,909,234
Loss for year	(8,083,604)	(12,268,478)	(596,844)	(20,948,926)
Segment assets	87,227,690	137,374,026	1,157,640	225,759,356
Total assets	87,227,690	137,374,026	1,157,640	225,759,356
Segment liabilities	32,165,070	32,108,430	922,330	65,195,830
Total liabilities	32,165,070	32,108,430	922,330	65,195,830
Cash utilised in operations	(10,053,291)	(10,590,090)	(1,013,472)	(21,656,853)
Cash flows from investing	(5,212,480)	(1,134,119)	2,384	(6,344,215)
Cash flows from financing	(3,514,530)	67,333,689	1,328,265	65,147,424
Capital expenditure	4,818,397	4,115,473	-	8,933,870
Depreciation and amortisation	5,274,209	4,885,117	84,876	10,244,202

Geographical segments	Angola	Botswana	South Africa	Sierra Leone	Jersey	Consolidated
	2007	2007	2007	2007	2007	2007
	US\$	US\$	US\$	US\$	US\$	US\$
Revenue from external customers	-	-	16,712,146	-	336,648	17,048,794
Segment assets	52,318,248	9,318,811	106,890,457	8,369,539	48,862,301	225,759,356
Segment Liabilities	12,988	54,787	40,439,879	3,165,035	21,523,141	65,195,830
Cash flows from operations	(19,864)	1,638,195	(18,393,572)	(687,205)	(4,194,407)	(21,656,853)
Cash flows from investing	4,684	(149,153)	(4,727,703)	(3,847,301)	2,375,258	(6,344,215)

Cash flows from financing	101,158	3,093,099	7,187,962	3,847,301	50,917,904	65,147,424
Capital expenditure	-	155,132	4,818,397	3,847,301	113,040	8,933,870

The results from beneficiation activities represent those activities disclosed under discontinued operations as disclosed in Note 11.

4. COST OF SALES

	2008 US\$	2007 US\$
Raw materials and consumables used	13,418,304	8,109,941
Employee expenses	21,800,743	13,020,423
Depreciation of mining assets	5,772,464	5,274,209
Changes in inventory of finished goods	2,506,896	(5,400,637)
	43,498,407	21,003,936

5. EXPLORATION EXPENDITURE

Employee expenses	2,434,245	323,107
Depreciation of exploration assets	1,159,072	1,115,782
Amortisation of intangible assets	3,803,634	3,740,928
Drilling costs	3,476,973	243,717
Equipment hire	245,243	6,722
Other exploration costs	3,365,625	661,413
	14,484,792	6,091,669

6. OTHER OPERATING EXPENDITURE

Auditors' remuneration		
- audit services	315,325	195,437
- other services	5,002	19,394
Depreciation of property plant and equipment	142,017	113,283
Operating lease rentals	127,225	153,739
Employee expenses	2,847,418	1,888,271
Corporate activity expenditure	5,232	55,293
Loss/(profit) on disposal of property plant and equipment	3,047	(81,852)
Administration expenses - mining operations	-	1,794,312
Impairment of investment	96,593	-
Care and maintenance	413,300	-
Other charges	1,512,441	1,259,254
Share based payments		
- directors	772,195	253,656
- senior management	857,588	183,684
	7,097,383	5,834,471

7. NET FINANCING COSTS

	2008 US\$	2007 US\$
On bank loans and overdrafts	(861,563)	(813,377)
Other debt finance costs	(1,377,823)	(1,409,603)
Unrealised foreign exchange losses	(4,594,410)	(4,811,205)
Financial expense	(6,833,796)	(7,034,185)
Realised foreign exchange gains on the settlement of forward exchange contracts	597,026	-
Interest received other	52,561	39,933
Interest received on bank deposits	2,432,404	614,218
Financial income	3,081,991	654,151
	(3,751,805)	(6,380,034)

8. LOSS PER SHARE

	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	2008	2008	2008	2007	2007	2007
	US\$	US\$	US\$	US\$	US\$	US\$
Numerator						
Loss for the year	5,820,436	1,388,902	7,209,338	20,352,082	596,844	20,948,926
Denominator						
Weighted average number of ordinary shares						
As at 1 July	181,448,193	181,448,193	181,448,193	143,916,416	143,916,416	143,916,416
Effect of shares issued during the period	1,813,457	1,813,457	1,813,457	10,103,075	10,103,075	10,103,075
As at 30 June	183,261,650	183,261,650	183,261,650	154,019,491	154,019,491	154,019,491
Basic weighted average number of ordinary shares in issue	183,261,650	183,261,650	183,261,650	154,019,491	154,019,491	154,019,491
Basic loss per share - cents	(3.17)	(0.76)	(3.93)	(13.21)	(0.39)	(13.60)

Due to the Group's loss for the year, the diluted loss per share is the same as the basic loss per share. The number of potentially dilutive ordinary shares in respect of employee share options and warrants is 20,170,334. These potentially dilutive ordinary shares may have a dilutionary effect on future earnings per share.

9. RESERVES

	Share capital	Share premium account	Foreign currency translation reserve	Hedging reserve	Share based payment reserve	Other reserves	Accumulated loss	Total	Minority interest	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
At 1 July 2006	27,031,103	123,189,903	2,541,087	-	972,962	-	(81,608,667)	72,126,388	-	72,126,388
Exchange differences recognised directly in equity	-	-	(8,677,941)	-	-	-	-	(8,677,941)	-	(8,677,941)
Net income recognised directly in equity	-	-	(8,677,941)	-	-	-	-	(8,677,941)	-	(8,677,941)
Loss for the period	-	-	-	-	-	-	(20,948,926)	(20,948,926)	-	(20,948,926)
Total recognised income and expense for the year	-	-	(8,677,941)	-	-	-	(20,948,926)	(29,626,867)	-	(29,626,867)
Equity settled share-based payments	-	-	-	-	554,038	-	-	554,038	-	554,038
Equity portion of convertible bond	-	-	-	-	-	4,003,682	-	4,003,682	-	4,003,682
Exchange differences	-	14,706,573	-	-	-	-	-	14,706,573	-	14,706,573
Allotments during the year	9,329,300	90,200,058	-	-	-	-	-	99,529,358	-	99,529,358
Share issue costs	-	(729,646)	-	-	-	-	-	(729,646)	-	(729,646)
At 30 June 2007	36,360,403	227,366,888	(6,136,854)	-	1,527,000	4,003,682	(102,557,593)	160,563,526	-	160,563,526

9. RESERVES (continued)

	Share capital	Share premium account	Foreign currency translation reserve	Hedging reserve	Share based payment reserve	Other reserves	Accumulated loss	Total	Minority interest	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
At 1 July 2007	36,360,403	227,366,888	(6,136,854)	-	1,527,000	4,003,682	(102,557,593)	160,563,526	-	160,563,526
Exchange differences recognised directly in equity	-	-	(3,351,183)	(138,299)	-	-	-	(3,489,482)	-	(3,489,482)
Net income recognised directly in equity	-	-	(3,351,183)	(138,299)	-	-	-	(3,489,482)	-	(3,489,482)
Profit/(loss) for the year	-	-	-	-	-	-	(7,209,338)	(7,209,338)	9,187,638	1,978,301
Total recognised income and expense for the year	-	-	(3,351,183)	(138,299)	-	-	(7,209,338)	(10,698,820)	9,187,638	(1,511,182)
Allotments during the year	510,034	2,456,620	-	-	-	-	-	2,966,654	-	2,966,654
Exchange differences	(172,375)	(1,077,890)	-	-	(7,239)	13,286	-	(1,244,218)	-	(1,244,218)
Equity settled share based payments	-	-	-	-	1,622,704	-	-	1,622,704	-	1,622,704
At 30 June 2008	36,698,062	228,745,618	(9,488,037)	(138,299)	3,142,465	4,016,968	(109,766,931)	153,209,846	9,187,638	162,397,484

10. POST BALANCE SHEET EVENTS

10 (a) Investment in Cullinan Diamond Mine ("Cullinan")

On 15 July 2008 Petra Diamonds Limited as a member of the Petra Diamonds Cullinan Consortium ("PDCC") acquired Cullinan for a consideration of ZAR1 billion (US\$125 million), from De Beers Consolidated Mines Limited ("De Beers"). The members of PDCC are Petra Diamonds Limited (37% initial interest), Al Rajhi Holdings W.L.L (37% initial interest) and PDCC's Black Economic Empowerment partners (26% interest). Petra's share of the consideration was R370 million (US\$46.2 million) for an effective stake in Cullinan of 37%.

Effect of the acquisition

The acquisition had the following effect on the Group's assets and liabilities.

	Book Values	Fair Value Adjustments	Carrying Values
	US\$	US\$	US\$
Cullinan Diamond Mine net assets at acquisition date:			
Fair value of net assets of entity acquired			
Mining property, plant & equipment	119,886,470	13,928,860	133,815,330
Land	3,247,650	-	3,247,650
Mineral properties	-	6,250,000	6,250,000
Trade and other receivables	9,630	-	9,630
Inventory	1,417,993	-	1,417,993
Environmental liabilities	(13,789,405)	-	(13,789,405)
Employee related payables	(3,902,661)	-	(3,902,661)
Trade and other payables	(2,048,537)	-	(2,048,537)
Consideration amount satisfied in cash			125,000,000
Petra on acquisition share of net assets acquired (37%)			46,250,000

The fair value adjustment of US\$20,178,860 arose as a result of the premium attributable to the mining property, plant and equipment and mineral properties purchased from De Beers. The allocation of the premium to mining property, plant and equipment and mineral properties is deemed to be provisional.

10 (b) Acquisition of subsidiary Williamson Diamond Mine ("Williamson")

On 9 September 2008 Petra announced that it had entered into an agreement with Cheviot Holdings ("Cheviot"), a wholly owned subsidiary of De Beers Societe Anonyme ("De Beers"), to acquire the entire share capital of Willcroft Company Limited ("Willcroft") from Cheviot for a cash consideration of US\$10 million. The total cash consideration of US\$10 million will be funded entirely from Petra's internal cash resources.

Willcroft owns 75% of Williamson Diamonds Limited, the sole owner and operator of the Williamson mine, while the Government of the United Republic of Tanzania owns the remaining 25%.

No pro forma financial information as at 23 September 2008 is available in respect of the Williamson mine and fair values of the assets and liabilities have not been disclosed due to the proximity of the date of signing the agreement and the release of Petra's results.

11. DISCONTINUED OPERATIONS

Calibrated Diamonds Investment Holdings (Pty) Limited ("CDIH")

On 22 September 2008, the Group disposed of the entire ordinary share capital of CDIH together with associated assets for a total cash consideration of R47.0 million (US\$5.9 million).

CDIH net assets at 30 June 2008:	2008
	US\$

Net assets :		
Property, plant and equipment	158,160	
Trade and other receivables	1,002,038	
Inventories	2,546,151	
Other financial assets	339,928	
Cash	86,512	
Intangible assets	3,183,780	
Net loans from group companies	(5,996,775)	
Trade and other payables	(81,646)	
	2008	2007
	US\$	US\$
Result of discontinued operation:		
Revenue	827,039	-
Expenses other than finance costs	(2,119,938)	(599,228)
Finance income	12,534	2,384
Finance costs	(108,537)	-
Tax expense	-	-
Loss for the year	(1,388,902)	(596,844)
Basic loss per share (US cents)	(0.76)	(0.39)
The cash flow statement includes the following amounts relating to discontinued operations:		
Operating activities	(5,045,233)	(1,013,472)
Investing activities	12,534	2,384
Financing activities	4,638,212	1,328,265
Net cash from / (used in) discontinued operations	(394,487)	317,177

12. TRADE AND OTHER RECEIVABLES

Trade and other receivables have increased significantly as a result of the June diamond sales tender been finalised close to year end and rehabilitation deposits paid on behalf of Cullinan Diamond Mine (Pty) Ltd and other Group prepayments. Also included in trade and other receivables is an amount of US\$1,150,513 shown as 'other operating income' in the income statement in respect of transaction fees earned from the Koffiefontein mine purchase.

13. ANNUAL REPORT AND ACCOUNTS

The results for the year ended 30 June 2008 are unaudited and do not constitute statutory accounts. The Report and Accounts for the year ended 30 June 2007, which includes an unqualified Audit Report, are available from the Company's headquarters at Elizabeth House, 9 Castle Street, St. Helier, Jersey, JE4 2QP. Copies of the audited Report and Accounts for the year ended 30 June 2008 will be posted to shareholders during October 2008.

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