20 February 2014 **LSE: PDL**

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

Interim results for the six months to 31 December 2013

Petra Diamonds Limited announces its interim results (unaudited) for the six months to 31 December 2013 ("the Period" or "H1 FY 2014" or "H1"), following the publication of the Company's production and sales Trading Update on 23 January 2014.

HIGHLIGHTS

Financial

- Revenue up 19% to US$185.5 million (H1 FY 2013: US$156.3 million).
- Profit from mining activity[2] up 115% to US$73.4 million (H1 FY 2013: US$34.2 million).
- Adjusted EBITDA[3] up 157% to US$65.8 million (H1 FY 2013: US$25.6 million).
- Net profit after tax of US$28.4 million (H1 FY 2013: US$15.2 million loss).
- EPS: 4.70 US$ cents (H1 FY 2013: 1.91 US$ cents loss); adjusted EPS[5]: 4.52 US$ cents (H1 FY 2013: 1.93 US$ cents).
- Operating cashflow up 249% to US$91.9 million (H1 FY 2013: US$26.3 million).
- Cash at bank at 31 December 2013 of US$28.0 million (H1 FY 2013: US$38.2 million) and diamond inventories of ca. US$49.4 million (H1 FY 2013: ca. US$45.4 million).
- Loans and borrowings at 31 December 2013 of US$136.8 million (H1 FY 2013: US$124.2 million).
- Net debt of US$108.8 million (H1 FY 2013: US$86.0 million), (excluding foreign exchange settlement lines), in line with expectations, and capital expansion plans remain fully funded; debt facilities (including the foreign exchange settlement lines) undrawn and available to the Group at 31 December 2013 of US$67.5 million (H1 FY 2013: US$122.3 million).

Operations

- Production up 31% to 1,635,716 carats (H1 FY 2013: 1,247,522 carats); Petra remains firmly on track to meet full year guidance of ca. 3.0 Mcts for FY 2014.
- Costs remain well controlled; refer to Operations section for detailed mine by mine review.
- Capital expenditure ("Capex") of US$85.3 million (H1 FY 2013: US$92.1 million), in accordance with the roll out of the Group's expansion programmes; full year spend on track to be in line with FY 2014 guidance.
- H1 Capex was fully funded by operating cashflow for the Period.

Exploration

- Petra has entered into a co-operation agreement ("Agreement") in Botswana with Manica Minerals, led by Dr. Peter Hildebrand and Dr. John Gurney, the renowned kimberlite expert. The Agreement will combine the extensive exploration experience of both parties and will provide access to prospective Botswana Precious Stones Prospecting Licences covering approximately 23,000km^2.
- Work programmes progress at the KX36 kimberlite and surrounding areas.

Diamond Market

- The market for rough diamonds has strengthened over recent months; Petra expects this firmer market to continue, with solid results expected from the Group's tenders in H2 FY 2014 ("H2").
- Longer term, a positive outlook for the diamond market is supported by the continued economic recovery in the US and growth in demand from emerging consumer markets.

Health and Safety

- As previously reported, an accident occurred at the Cullinan mine on 17 January 2014 which led to the passing away of one Petra employee; Petra and its management express their sincere condolences to the family and friends of the deceased.
- The health and safety of all employees is of the utmost importance to the Company and Petra will relentlessly continue to take whatever action is required in pursuit of a zero harm environment.
- The Group lost time injury rate ("LTIFR") for H1 FY 2014 of 0.28 was a significant improvement on the 0.53 for H1 FY 2013.

Outlook

- As per guidance, carat sales are expected to be significantly higher in H2 than in H1 due to the seasonal timing of Petra tenders (four tenders are held in H2, as opposed to three in H1) and the US$25.6 million sale proceeds from the exceptional 29.62 carat Cullinan blue diamond sold on 14 February 2014.
- First South African tender of H2 achieved US$60.2 million on the sale of 432,187 carats; including the proceeds of the 29.6 carat blue diamond, the Company's H2 revenue to date is US$85.7 million.
- Based on the Company's current operations and expansion plans, stated production growth, diamond prices and other relevant factors, Petra expects to consider the commencement of dividend payments from FY 2016.

Johan Dippenaar, CEO of Petra, commented:

"Petra's growth plan to achieve annual production of 3 million carats in FY 2014 and 5 million carats by FY 2019 continues to progress well, with all expansion programmes on track and on budget, and Group Capex entirely funded by operating cashflow for the first time during H1 FY 2014.

"We look forward to a strong second half, incorporating a continued firm rough diamond market, higher carat sales, and higher revenue and cashflows augmented by the sale proceeds of the 29.6 carat blue diamond from Cullinan."

Analyst presentation and webcast

A presentation for analysts will be held at 9:30am GMT on 20 February 2014 at the offices of Buchanan, 107 Cheapside, London EC2V 6DN. A live webcast of the analyst presentation will be available on Petra's website at www.petradiamonds.com and on the following link: http://www.axisto-live.com/investis/clients/petra-diamonds/presentations/52fb5688de2f8a3c3b1962c2/interim-results-fy2014.

A recording of the webcast will be available from 1:00pm GMT on 20 February 2014 on the website and on the same link.

SUMMARY OF RESULTS (unaudited)

	6 months to 31 December 2013 ("H1 FY 2014") US$ million	6 months to 31 December 2012 ("H1 FY 2013")[1] (restated) US$ million	Year ended 30 June 2013 ("FY 2013") US$ million
Revenue	185.5	156.3	402.7
Adjusted mining and processing costs[2]	(114.2)	(123.8)	(270.3)
Other direct income	2.1	1.7	6.2
Profit from mining activity[2]	**73.4**	**34.2**	**138.6**
Exploration expense[2]	(1.4)	(2.8)	(4.8)
Corporate overhead[2]	(6.2)	(5.8)	(11.4)
Adjusted EBITDA[3]	**65.8**	**25.6**	**122.4**
Depreciation	(21.1)	(20.7)	(42.8)
Share based expense	(2.4)	(0.8)	(3.3)
Net finance (expense) / income[4]	(1.0)	0.5	(3.4)
Tax expense	(13.8)	(0.3)	(24.6)
Adjusted profit after tax[5]	**27.5**	**4.3**	**48.3**
Net unrealised foreign exchange gain / (loss)[7]	0.9	(1.1)	(4.7)
Impairment charges[6]	-	(17.8)	(12.6)
Retrenchment costs[6]	-	-	(2.6)
Transaction costs	-	(0.6)	(0.5)
Net profit / (loss) after tax	**28.4**	**(15.2)**	**27.9**
Basic earnings / (loss) per share – US$ cents	**4.70**	**(1.91)**	**6.30**
Diluted earnings / (loss) per share – US$ cents	4.56	(1.91)	6.13
Adjusted basic earnings per share – US$ cents[5]	**4.52**	**1.93**	**10.31**
Adjusted diluted earnings per share – US$ cents[5]	4.40	1.89	10.03

	As at 31 December 2013 (US$ million)	As at 31 December 2012 (US$ million)	As at 30 June 2013 (US$ million)
Cash at bank	28.0	38.2	26.2
Diamond debtors	0.8	1.6	74.8
Diamond inventories	49.4	45.4	31.5
Loans and borrowings (excluding foreign exchange settlement lines)	136.8	124.2	147.0
Net debt	108.8	86.0	120.8

Notes:
The Group uses several non-GAAP measures above and throughout this announcement, including adjusted mining and processing costs, profit from mining activities, adjusted EBITDA, adjusted net profit after tax and adjusted earnings per share. As these are non-GAAP measures, they should not be considered as replacements for IFRS measures. The Company's definition of these non-GAAP measures may not be comparable to other similarly titled measures reported by other companies.

1. Petra's FY 2013 interim results, published on 25 February 2013, accounted for the Fissure Mines as assets held for sale and as discontinued operations. Subsequent to the publication of the FY 2013 interims, the Fissure Mines were withdrawn from sale and therefore the FY 2013 interim results have been restated to include the Fissure

Mines results within Profit from mining activity, as was the case with Petra's audited FY 2013 results (refer to note 8).

2. Stated before depreciation, share-based expense, retrenchment costs and impairment charges, as applicable.
3. Adjusted EBITDA is EBITDA (profit before interest, tax, depreciation and amortisation) stated before share based expense, net unrealised foreign exchange gains and losses, retrenchment costs, impairment charges and non-recurring transaction costs.
4. Net finance expense of US$1.0 million (FY 2013: US$3.4 million expense, and H1 FY 2013: US$0.5 million income) is comprised of the remaining income and expenses as disclosed in note 7 to the Condensed Consolidated Interim Financial Statements ("the Interims"), excluding unrealised foreign exchange gains and losses.
5. Stated before retrenchment costs, impairment charges, non-recurring transaction costs, net unrealised foreign exchange gains and losses. Refer to note 14 for the adjusted EPS and restatement.
6. In FY 2013 retrenchment costs of US$2.6 million and impairment charges of US$12.6 million were due to the Group's decision to place the Sedibeng and Star mines on care and maintenance. Refer to note 8 for details of this and the H1 FY 2013 impairment charge.
7. Net unrealised foreign exchange gains and losses are explained in the Financial Review section of this report.

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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 six producing mines: five in South Africa (Finsch, Cullinan, Koffiefontein, Kimberley Underground and Helam) 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 constituent of the FTSE 250. For more information, visit the Company's website at www.petradiamonds.com.

CEO'S REVIEW

Petra has recorded a strong first six months of FY 2014, delivering further significant production and revenue growth, and putting Petra firmly on track to meet its guidance of ca. 3 Mcts for FY 2014.

The Company has also increased its underlying profitability, with profit from mining activity up 115% to US$73.4 million, representing an operating margin of 39.6%, and operating cashflow up 249% to US$91.9 million.

For the first time since starting our significant capital programmes in FY 2008, Petra has funded the Group's Capex for the Period of US$85.3 million from operating cashflow. We expect cashflows to be higher in the second half, due to our usual practice to hold an additional tender in H2, leaving the Group in a robust position financially.

Cost control is core to Petra's operating culture and the Company achieved good results in this area during the Period. On a US Dollar reporting basis, costs were further assisted by the significant weakening of the Rand.

Looking forward, Petra's production growth will be driven by the transition from the mature mining blocks (where a high degree of grade dilution is recorded) to new mining areas, which will provide access to undiluted ore. The Company's margins are therefore expected to increase further to +50% by FY 2019, as the diamond content of the tonnes drawn from underground will be considerably higher. These margin improvements will be assisted by orehandling simplifications and other initiatives to drive efficiencies that have been built into each operation's expansion programme.

Petra's strategy is to continue to deliver on its expansion plans into these new mining areas and to increase its cashflow generation. Based on the Company's current operations and expansion plans, stated production growth, diamond prices and other relevant factors, Petra expects free cashflow to allow the Company to consider the commencement of dividend payments from end FY 2016.

Post Period end, the exceptional 29.62 carat blue diamond recovered from Cullinan in January was sold on 14 February 2014 for US$25,555,555 (US$862,780 per carat), following a highly competitive sales process.

DIAMOND MARKET

Although the rough diamond market was weak during Q1 FY 2014, the market firmed up towards the end of the Period and into H2. The Company saw solid prices achieved at its February 2014 tender, which was well attended and recorded revenues of US$60.2 million achieved on the sale of 432,187 carats, excluding the sale proceeds from the exceptional 29.6 carat blue diamond of US$25.6 million.

Further to reports of sound seasonal sales, increasing global economic confidence and restocking of the diamond pipeline, Petra expects these firm market conditions to continue throughout H2. Longer term, a positive outlook for the diamond market is supported by the continued economic recovery in the US and growth in demand from emerging consumer markets.

The diamond prices table below is as previously disclosed in the Company's Trading Update on 23 January 2014 and demonstrates that pricing in H1 was largely in line with guidance. The variation at Finsch is due to the plant cut-off change, with an increase in smaller diamonds recovered but importantly a higher revenue per tonne than would have otherwise been the case. FY 2014 price guidance for Finsch has therefore been adjusted from US$113/carat to US$100/carat. Management maintains its FY 2014 Cullinan price guidance of US$139/carat, excluding the sale proceeds from the 29.6 carat blue diamond of US$25.6 million.

Mine	Average (US$/ct) H1 FY 2014	Management guidance (US$/ct) FY 2014
Finsch	96	100 (revised January 2014)
Cullinan	150[1]	139
Koffiefontein	451	518
Kimberley Underground	297	301
Helam	155	145
Williamson (ROM only)	256	254

Note:
1. Cullinan's H1 average value included the 126.4 carat diamond that sold for US$8.5 million; excluding this stone, the average value was US$129/ct.

FINANCIAL RESULTS

Revenue
Revenue was up 19% to US$185.5 million (H1 FY 2013: US$156.3 million), reflecting the Group's increased production.

Carats sold were up 33% to 1,417,694 carats (H1 FY 2013: 1,066,662); carat sales were lower than carats produced due to the seasonal timing of Petra's tenders. As usual, Petra held three tenders in H1 (equating to five months production) and will hold four tenders in H2 (equating to seven months production).

During H1 FY 2014, five stones exceeding US$1 million each were sold yielding a total of US$15.5 million in sales revenues (H1 FY 2013: five stones exceeding US$1 million each sold for a total of US$8.0 million). This included the 126.4 carat stone from Cullinan that was sold for US$8.5 million in the December tender.

Adjusted mining and processing costs
Overall, mining and processing costs in US$ terms (before depreciation and share based expenses) decreased by 8% compared to H1 FY 2013. For the South African operations, costs increased in Rand terms by approximately 11%, mainly due to the increase in production coupled with inflationary cost escalations. This Rand increase was offset by a weakening ZAR against the US Dollar, averaging R10.07 versus H1 FY 2013 R8.46.

Profit from mining activity
Profit from mining activity was up 115% to US$73.4 million (H1 FY 2013: US$34.2 million), reflecting increased revenues, together with decreased costs in US$ terms as noted above, which resulted in an increased profit margin from mining activity of 39.6% (H1 FY 2013: 21.8%).

Exploration
Petra incurred US$1.4 million on exploration expenditure during the Period (H1 FY 2013: US$2.8 million).

Corporate overheads
Corporate overheads of US$6.2 million for the Period (H1 FY 2013: US$5.8 million) remain well controlled and in line with the broader cost control procedures in place across the Group.

Adjusted EBITDA
Adjusted EBITDA, being profit from mining activities less exploration and corporate overheads as covered above, increased by 157% to US$65.8 million (H1 FY 2013: US$25.6 million), due to the increased profit from mining activity.

Depreciation
Depreciation of US$21.1 million (H1 FY 2013: US$20.7 million) is in line with guidance and the Company maintains its FY 2014 guidance of ca. US$45 million.

Net finance expense
The Group incurred a net finance expense of US$1.0 million (H1 FY 2013: US$0.5 million income), being interest received on cash balances, net interest receivable from the BEE partners' loans and realised foreign exchange gains, offset by interest payable on the Williamson portion (other interest and fees are capitalised, refer below) of the Group's debt facilities, the Group's working capital facility, and the unwinding of the present value adjustment for rehabilitation costs.

The majority of interest and fees associated with the Company's bank debt are capitalised, as the bank debt is incurred to finance the capital expansion programme in the Company's operations. The Company's Capex guidance is on a cash basis, and does not include the capitalised fees and interest.

Net unrealised foreign exchange gain
During the Period, the Group recorded net unrealised foreign exchange gains of US$0.9 million (H1 FY 2013: US$1.1 million loss), mainly arising due to unrealised foreign exchange movements on the retranslation of foreign subsidiary intercompany loans to US$.

Net profit
A net profit after tax of US$28.4 million was recorded for the Period (H1 FY 2013: loss of US$15.2 million).

Earnings per share
Basic earnings per share of 4.70 US$ cents were recorded (H1 FY 2013: 1.91 US$ cents loss), in line with management's stated objectives of growing the Group's earnings as the Company delivers on its production growth plans.

Cash and debt
As at 31 December 2013 the Group had cash at bank of US$28.0 million (H1 FY 2013: US$38.2 million) and diamond inventories of ca. US$49.4 million (H1 FY 2013: ca. US$45.4 million).

Of the cash balance at Period end, US$10.6 million is held by Petra's reinsurers as security deposits on the Group's cell captive insurance structure (with regards to the Group's environmental guarantees), and US$1.7 million is held by Petra's bankers as security for other environmental rehabilitation bonds lodged by Petra's bankers with the South African Department of Mineral Resources; the balance of US$15.7 million is unrestricted cash.

Facility utilisation at 31 December 2013 was US$145.6 million (H1 FY 2013: US$127.2 million), comprising bank loans and borrowings of US$136.8 million (H1 FY 2013: US$124.2 million) and US$8.8 million (H1 FY 2013: US$3.0 million) utilisation of foreign exchange settlement lines. Facilities undrawn and available to the Group at 31 December 2013 (including the foreign exchange settlement line) totalled US$67.5 million (H1 FY 2013: US$122.3 million). The foreign exchange settlement line forms part of the Group's strategic hedging strategy and the mark to market thereon is reflected in other payables.

Net debt at 31 December 2013 was US$108.8 million (H1 FY 2013: US$86.0 million), in line with management's plans. The Company's capital expansion programmes remain fully funded from treasury, bank facilities and cashflows.

Other than trade and other payables of US$48.0 million (H1 FY 2013: US$52.8 million), the remaining liabilities on the balance sheet comprise provisions for various rehabilitation liabilities, accounting for amounts owing due to the financing of the minorities in Finsch and Cullinan, employee related provisions and deferred tax.

Cashflow
Operating cashflow for the Period was US$91.9 million (H1 FY 2013: US$26.3 million), a healthy increase on the comparative period and which importantly funded the Group's Capex spend for the Period of US$85.3 million. Looking forward, the Group expects to soon record significant increases in net Group cashflow in line with increasing profits from mining activity and, from the end of FY 2015, a reduction in overall expansion capital spend (in line with guidance capital spend peaks in FY 2015).

The Group's funding headroom improved during the course of H1 in line with the stronger production and weaker ZAR, and headroom is expected to increase further in H2 due to increased sales volumes and the sale proceeds of US$25.6 million from the exceptional 29.6 carat blue diamond.

Capex
H1 Capex was in line with guidance and management's expectations and Capex procurement and spend against the expansion project plans remains on track.

Capex (excluding financing costs, as per guidance) for H1 FY 2014 was US$80.6 million (H1 FY 2013: US$82.1 million), split as to US$69.0 million on expansion Capex (H1 FY 2013: US$61.6 million) and US$11.6 million on sustaining Capex (H1 FY 2013: US$20.5 million).

US$4.7 million (H1 FY 2013: US$10.0 million) of capitalised borrowing costs related to Capex funding is included in the applicable mine by mine tables in the Operations section.

Capex (US$m)	**H1 FY 2014**	**H1 FY 2013**	**FY 2013**
Finsch	24.7	20.8	48.6
Cullinan	37.2	44.6	89.0
Koffiefontein	6.0	10.1	20.4
Kimberley Underground	3.3	16.4	21.6
Williamson	4.8	4.7	11.7
Fissure Mines	0.3	1.9	2.6
Subtotal – Capex incurred at operations	76.3	98.5	193.9
Petra internal projects division[1] – net Capex under construction / invoiced to operations	8.4	(7.0)	(8.1)
Corporate / exploration	0.6	0.6	5.4
Total Group Capex	**85.3**	**92.1**	**191.2**

Note:

1. Petra operates an internal projects / construction division and although this division's spend is reported in the Group's total Capex, it is policy not to account for it on a specific mine's Capex until the project is completed and delivered. During the Period, Petra internal projects invoiced US$0.9 million (H1 FY 2013: US$22.5 million) to operations and incurred US$9.3 million (H1 FY 2013: US$15.5 million) on further project spend.

OPERATIONS

H1 FY 2014 Sales, Production and Capex – Summary

	Unit	**H1 FY 2014**	**H1 FY 2013**	**Variance**	**FY 2013**
Sales					
Revenue	**US$M**	**185.5**	**156.3**	**+19%**	**402.7**
Diamonds sold	Carats	1,417,694	1,066,662	+33%	2,539,844
Production					
ROM diamonds	Carats	1,140,479	995,521	+15%	2,038,115
Tailings & alluvial diamonds	Carats	495,237	252,001	+97%	630,190
Total diamonds	**Carats**	**1,635,716**	**1,247,522**	**+31%**	**2,668,305**

Capex					
Expansion	US$m	69.0	61.6	n/a	126.3
Sustaining	US$m	11.6	20.5	n/a	52.6
Borrowing costs capitalised	US$m	4.7	10.0	n/a	12.3
Total	**US$m**	**85.3**	**92.1**	**n/a**	**191.2**

H1 FY 2014 production increased 31% to 1,635,716 carats (H1 FY 2013: 1,247,522 carats), primarily due to increased production at Finsch and the continued ramp-up of tailings production at Cullinan. This strong H1 FY 2014 production rate was achieved despite the previously announced Q1 labour action and work stoppages. The labour situation at Petra's South African operations has remained stable since the end of the industrial action.

Petra remains firmly on track to meet FY 2014 production guidance of ca. 3.0 Mcts and to reach its longer term target of ca. 5 Mcts by FY 2019.

Finsch – South Africa

	Unit	H1 FY 2014	H1 FY 2013	Variance	FY 2013
Sales					
Revenue	US$M	83.2	65.9	+26%	160.6
Diamonds sold	Carats	863,319	540,728	+60%	1,336,418
Average price per carat	US$	96	122	-21%	120
ROM Production					
Tonnes treated	Tonnes	1,505,356	1,387,067	+9%	2,609,935
Diamonds produced	Carats	565,334	434,726	+30%	890,360
Grade	Cpht	37.6	31.3	+20%	34.1
Tailings Production					
Tonnes treated	Tonnes	1,320,796	1,247,190	+6%	2,600,611
Diamonds produced	Carats	409,097	207,928	+97%	522,106
Grade	Cpht	31.0	16.7	+86%	20.1
Total Production					
Tonnes treated	Tonnes	2,826,152	2,634,257	+7%	5,210,546
Diamonds produced	Carats	974,431	642,654	+52%	1,412,465
Costs					
On-mine cash cost per total tonne treated	ZAR	143	139	3%	139
Capex					
Expansion Capex	US$M	19.9	12.5	+59%	33.5
Sustaining Capex	US$M	2.5	6.0	-58%	10.6
Borrowing costs capitalised	US$M	2.3	2.3	0%	4.5
Total Capex	US$M	24.7	20.8	+19%	48.6

Production:
Finsch was the only South African operation unaffected by the previously reported industrial action during August / September 2013. Finsch's carat production increased by 52% to 974,431 carats (H1 FY 2013: 642,654 carats), mainly due to the plant changes (lowering the cut-off) towards the end of FY 2013. These plant adjustments resulted in a smaller overall diamond size frequency and a subsequent reduction in the average value per carat, though more than offset by the higher

recovered grades. Importantly, Finsch overall revenues and the contained revenue per tonne have benefitted (estimated by ca. 10%) as a result of these changes.

Although reported grades at Finsch for the Period are 37.6 cpht for ROM and 31.0 cpht for tailings respectively, these are theoretical allocations due to the use of a common treatment plant. The Company's guidance for H2 FY 2014 is ca. 37.0 cpht for ROM and 23.0 cpht for tailings.

Sales:
As previously noted, the lower average value per carat achieved at Finsch of US$96 (H1 FY 2013: US$122), is due to the plant changes in order to capture the high quality small diamonds which are a feature of the orebody. Petra has also lowered its previous price guidance for FY 2014 to US$100 per carat to reflect the impact of these changes.

Costs:
The on-mine unit cash cost per total tonne treated of R143 was up 3% from H1 FY 2013 due to inflationary cost increases and in line with guidance.

Capex:
Capex of US$24.7 million for the Period (H1 FY 2013: US$20.8 million) was in line with guidance and the progression of the expansion project and associated underground development.

Development Programme:
Block cave mining is currently taking place in Block 4 of the Finsch orebody on the 630 metre level ("mL"). Block 4 is near the end of its economic life and is subsequently heavily diluted with waste material. Petra is therefore implementing a development plan to open up new mining areas, below the current Block 4 operations.

Production levels from underground will be maintained during the transition from the Block 4 cave to the Block 5 cave by the development of a sub level cave ("SLC"). Development of the SLC is progressing in line with expectations and 2,953 metres of tunnels (out of a total SLC plan of 10,072 metres, of which 6,246 metres relate to kimberlite tunnel development), have been developed to date.

Petra previously advised that it planned to implement the Rail-Veyor® system at Finsch as the ore-handling system to transfer the SLC material to the existing loading and hoisting infrastructure on 650 mL. Following further technical analysis of the capital and implementation costs, Petra has revised this plan and has chosen to implement a proven conveyor system to handle the SLC material. The Company will provide further details on capital adjustments with its FY 2015 Guidance in August, but changes to overall Capex and costs are not expected to be significant.

Cullinan – South Africa

	Unit	H1 FY 2014	H1 FY 2013	Variance	FY 2013
Sales					
Revenue	US$M	61.3	48.7	+26%	133.0
Diamonds sold	Carats	409,117	363,833	+12%	816,611
Average price per carat	US$	150[1]	134	+12%	163
ROM Production					
Tonnes treated	Tonnes	1,291,208	1,282,009	+1%	2,595,004
Diamonds produced	Carats	399,819	384,146	+4%	795,370
Grade	Cpht	31.0	30.0	+3%	30.7
Tailings Production					
Tonnes treated	Tonnes	1,020,252	568,929	+79%	1,485,889
Diamonds produced	Carats	61,519	24,618	+150%	73,605
Grade	Cpht	6.0	4.3	+39%	5.0

Total Production					
Tonnes treated	Tonnes	2,311,460	1,850,938	+25%	4,080,893
Diamonds produced	Carats	461,338	408,764	+13%	868,975
Costs					
On-mine cash cost per total tonne treated	ZAR	147	169	-13%	158
Capex					
Expansion Capex	US$M	30.1	33.6	-10%	64.0
Sustaining Capex	US$M	4.7	5.3	-11%	17.2
Borrowing costs capitalised	US$M	2.4	5.7	-58%	7.8
Total Capex	US$M	37.2	44.6	-17%	89.0

Note:

1. Cullinan's H1 average value included the 126.4 carat diamond that sold for US$8.5 million; excluding this stone, the average value was US$129/ct

Production:
Cullinan's diamond production increased 13% year on year, delivering 461,338 carats (H1 FY 2013: 408,764 carats) mainly due to increased tailings production and the successful implementation of initiatives to make up the lost production following the work stoppages in Q1.

ROM grade was well maintained and reflects the Company's strategy to open up access to tonnages in the BA5 production area on the 645 mL, which had formerly been closed down. This western part of the orebody has a historically proven greater frequency of high value stones, and increased pillar mining from this area contributed towards a larger number of special stone recoveries.

Construction and commissioning of the new tailings treatment facility has been completed, but ramp-up of production has been slower than anticipated, thereby affecting throughput for the Period. The re-crush module, which will assist in increasing the liberation efficiency and hence the recovered grade, is currently under construction. Tailings production is now forecast to reach ca. 2.2 Mtpa for FY 2014, but will reach steady state levels of production of 2.7 Mtpa in FY 2015 at a grade of ca. 7.5 cpht.

Sales:
The average value per carat of US$150 was higher than guidance of US$139 further to the sale of the 126.4 carat diamond for US$8.5 million; excluding this stone, the average value was US$129.

Post Period end, the exceptional 29.6 carat blue diamond recovered at the mine was sold in February 2014 for US$25.6 million.

Costs:
The on-mine unit cash cost per total tonne treated of R147 was an improvement of 13% from H1 FY 2013, mainly due to increased tailings production. The cash unit cost exceeded FY 2014 guidance mainly due to the lower than planned tailings throughput.

Capex:
Capex of US$37.2 million (H1 FY 2013: US$44.6 million) was in line with guidance.

Development Programme:
Cullinan contains a world-class diamond resource of 200.8 Mcts and the Company is capitalising on this by undertaking an expansion programme at the mine to take annual production to 2.2 Mcts by FY 2019. The expansion plan (the C-Cut Phase 1) will establish a new block cave on the western side of the orebody in the upper portion of the major C-Cut resource (estimated to contain some 133 Mcts in total).

As previously reported, ROM grade at Cullinan will remain a challenge whilst production continues to come from the mature areas of the mine (due to the significant dilution of the ore drawn in these older production zones). However, from FY 2016 the grade is expected to start to increase gradually, eventually rising to ca. 50 cpht by FY 2019, once only undiluted ore is being mined and treated.

The development of the underground declines and access tunnels, as well as the shaft preparation work, is progressing in line with expectations. The South Decline has now been completed and development of tunnels has progressed apace, with 7,068 metres (out of a total of 24,575 metres) developed to date.

Koffiefontein – South Africa

	Unit	H1 FY 2014	H1 FY 2013	Variance	FY 2013
Sales					
Revenue	US$M	8.1	7.3	+11%	16.6
Diamonds sold	Carats	18,058	16,800	+7%	35,168
Average price per carat	US$	451	435	+4%	471
ROM Production					
Tonnes treated	Tonnes	122,872	89,710	+37%	239,161
Diamonds produced	Carats	9,158	6,194	+48%	14,365
Grade	Cpht	7.5	6.9	+9%	6.0
Tailings / Ebenhaezer Production					
Tonnes treated	Tonnes	279,662	698,800	-60%	1,242,360
Diamonds produced	Carats	18,843	12,335	+53%	20,444
Grade	Cpht	6.7	1.8	+272%	1.6
Total Production					
Tonnes treated	Tonnes	402,534	788,510	-49%	1,481,521
Diamonds produced	Carats	28,001	18,529	+51%	34,800
Costs					
On-mine cash cost per total tonne treated	ZAR	231	129	+79%	136
Capex					
Expansion Capex	US$M	5.0	5.3	-6%	10.9
Sustaining Capex	US$M	1.0	4.8	-79%	9.5
Total Capex	US$M	6.0	10.1	-41%	20.4

Production:
Koffiefontein's H1 output was affected by the reported work stoppages. However, the treatment of higher grade recovery tailings both during and after the strike period largely negated its impact. Increased tonnages mined resulted in a 48% increase in ROM production to 9,158 carats in H1 (H1 FY 2013: 6,194 carats) while the Ebenhaezer pit, supplemented by recovery tailings, delivered 18,843 carats (H1 FY 2013: 12,335 carats).

The higher ROM grade of 7.5 cpht reflects the Company's ongoing transition to the new mining areas.

Sales:
Koffiefontein's average value per carat of US$451 was lower than guidance of US$518 due to the effect of higher volumes of lower value recovery tailings.

Costs:
Absolute costs at Koffiefontein were ca. 11% lower than management plans and guidance. However, the on-mine unit cash cost per total tonne treated of R231 increased by 79% compared to H1 FY 2013. This was mainly due to the processing of higher value tonnes from the recovery tailings, and therefore the total volume of low value other surface and tailings tonnes reduced substantially.

Capex:
Capex for the Period of US$6.0 million (H1 FY 2013: US$10.1 million) was primarily focused on underground development and purchasing of plant, mining and surface equipment.

Development Programme:
Petra's expansion plan at Koffiefontein will take production to circa 100,000 carats by FY 2016 (90,000 carats ROM and 10,000 carats tailings). The Company's expansion programme is again establishing new production levels in order to provide access to undiluted ore.

Kimberley Underground – South Africa

	Unit	H1 FY 2014	H1 FY 2013	Variance	FY 2013
Sales					
Revenue	US$M	16.1	11.9	+35%	33.4
Diamonds sold	Carats	54,055	45,776	+18%	113,383
Average price per carat	US$	297	260	+14%	295
Total Production (all ROM)					
Tonnes treated	Tonnes	409,651	424,054	-3%	804,725
Diamonds produced	Carats	63,436	59,304	+7%	115,400
Grade	Cpht	15.5	14.0	+11%	14.3
Costs					
On-mine cash cost per total tonne treated[1]	ZAR	313	245	28%	265
Capex					
Expansion Capex	US$M	2.3	13.7	-83%	17.6
Sustaining Capex	US$M	1.0	2.8	-64%	4.0
Total Capex	US$M	3.3	16.4	-80%	21.6

Note:
1. On-mine cash costs exclude costs assigned to ROM stockpiles.

Production:
Despite the work stoppages, Kimberley Underground's production increased 7% on the comparative period to 63,436 carats (H1 FY 2013: 59,304 carats) due to the continued ramp up of the mine. Final plant changes are currently being implemented in order to aim to deliver Kimberley Underground's guided throughput for the remainder of FY 2014.

The higher ROM grade of 15.5 cpht was in line with guidance and is further to the final tonnages from the higher grade Bultfontein pipe being treated.

Sales:
The average value per carat of US$297 was in line with guidance of US$301 and reflects the high quality of Kimberley Underground's production.

Costs:
The on-mine unit cash cost per total tonne treated of R313 increased by 28% on H1 FY 2013 mainly due to below plan throughput, coupled with increased costs associated with unforeseen breakdowns and maintenance expenditure.

Capex:
Capex reduced considerably to US$3.3 million (H1 FY 2013: US$16.4 million) further to the near completion of Kimberley Underground's expansion plan.

Williamson – Tanzania

	Unit	H1 FY 2014	H1 FY 2013	Variance	FY 2013
Sales					
Revenue	US$M	12.9	17.9	-28%	41.9
Diamonds sold	Carats	50,778	72,172	-30%	165,324
Average price per carat	US$	254	248	+2%	254
ROM Production					
Tonnes treated	Tonnes	1,537,417	1,282,459	+20%	2,730,133
Diamonds produced	Carats	80,531	72,790	+11%	150,342
Grade	Cpht	5.2	5.7	-9%	5.5
Alluvial Production					
Tonnes treated	Tonnes	211,448	182,515	+16%	385,186
Diamonds produced	Carats	5,778	7,120	-19%	14,035
Grade	Cpht	2.7	3.9	-31%	3.6
Total Production					
Tonnes treated	Tonnes	1,748,865	1,464,974	+19%	3,115,319
Diamonds produced	Carats	86,309	79,910	+8%	164,376
Costs					
On-mine cash cost per total tonne treated[1]	US$	11.6	12.4	-6%	11.8
Capex					
Expansion Capex	US$M	3.3	3.7	-11%	8.4
Sustaining Capex	US$M	1.5	1.0	+50%	3.3
Borrowing costs capitalised	US$M	-	-	-	-
Total Capex	US$M	4.8	4.7	+2%	11.7

Note:
1. On-mine cash costs exclude costs assigned to ROM stockpiles.

Production
Williamson's diamond production increased 8% to 86,309 carats (H1 FY 2013: 79,910 carats). H1 results were impacted by the planned downtime to effect certain changes to the treatment plant, but full year production is expected to be in line with guidance.

Sales
Williamson produces high quality diamonds and the average value of US$254 was in line with management guidance.

Costs:
The on-mine unit cash cost per total tonne treated of US$11.6 shows a 6% improvement compared to H1 FY 2013 and remains in line with guidance.

Helam – South Africa

	Unit	H1 FY 2014	H1 FY 2013	Variance	FY 2013
Sales					
Revenue	US$M	3.0	2.7	+11%	7.3
Diamonds sold	Carats	19,492	20,987	-7%	52,350
Average price per carat	US$	155	127	+22%	140
Total Production					
Tonnes treated	Tonnes	36,590	44,316	-17%	77,358
Diamonds produced	Carats	21,061	27,831	-24%	52,011
Grade	Cpht	57.6	62.8	-8%	67.2
Costs					
On-mine cash cost per total tonne treated	ZAR	974	940	+4%	1,015
Capex					
Expansion Capex	US$M	-	-	-	-
Sustaining Capex	US$M	0.3	1.7	-88%	2.1
Total Capex	US$M	0.3	1.7	-88%	2.1

Production:
Helam's production was more impacted by the industrial action than Petra's other operations, due to it being a more labour intensive mine, and therefore decreased 24% to 21,061 carats (H1 FY 2013: 27,831 carats).

Sales:
The average value per carat of US$155 was slightly above guidance of US$145.

Costs:
The on-mine unit cash cost per total tonne treated of R974 increased by 4% on H1 FY 2013 mainly due to the reduction in tonnes treated and the fixed nature of its costs.

Sedibeng and Star – South Africa
The Sedibeng and Star fissure mines remain on care and maintenance, with US$3.5 million cash spend included within mining and processing costs.

EXPLORATION – BOTSWANA

Manica Minerals Co-operation agreement
As a new development, Petra announces that its subsidiary Petra Diamonds Botswana Pty Ltd has entered into a diamond exploration co-operation agreement ("Agreement") with Manica Minerals Ltd ("Manica"), which is led by Dr. Peter Hildebrand and Dr. John Gurney, the renowned kimberlite expert.

The Agreement is an exciting development for Petra, due to the combined kimberlite exploration skills and expertise in both Manica and Petra, together with the prospective exploration ground that will be introduced into the Agreement arrangement by Manica.

The basis of the Agreement is that Petra contributes operational experience, expertise, operational infrastructure and funding, whilst Manica provides access to additional prospective Botswana Precious Stones Prospecting Licences covering approximately 23,000km^2, as well as the extensive expertise and operational abilities of the Manica team.

The early stage exploration planning and work programme will be overseen by a committee in which Petra has a casting vote. The funding of this Agreement will not materially change Petra's annual exploration spend; further detail will be provided with FY 2015 annual guidance in August this year.

KX36 and surrounding area
Petra is undertaking an evaluation of the KX36 kimberlite discovery and an intensified search for other kimberlites in the surrounding area. During the Period, Petra carried out the third phase of a narrow diameter drilling ("NDD") campaign at KX36, the objectives of which were to further delineate the pipe by filling in data gaps previously identified from the KX36 Gemcom model, and to acquire geotechnical information about both the kimberlite and its host rock to a depth of ~300m.

Following the successful completion of this NDD campaign (3,405m; 1,602m of kimberlite), the data obtained through detailed geotechnical, lithological and downhole geophysical logging is now ready for integration into the Gemcom model. The focus at this stage is to move the kimberlite out of the 'deposit' status of the SAMREC code; however, significant work still has to be done to increase the confidence levels of both grade and value before making this transition.

In terms of KX36 regional exploration, the high resolution regional deflation sampling programme covering kimberlite KX36 and the immediate surrounds that commenced late FY 2012 has been completed. To date, 7,750 deflation samples have been collected and despatched for analysis. Visually identified kimberlite indicator mineral ("KIM") recoveries define an anomalous zone trending south west of the KX36 kimberlite. This broad KIM anomaly seems to break up into several separate anomalies.

Following the analysis, interpretation and final integration of the KX36 region SkyTEM Heli-borne electromagnetic data with all other geological and geophysical data obtained to date, a target generation exercise led to the selection of 12 priority drill targets in relatively close proximity to KX36. To date, three of these targets have been drilled to a cumulative depth of 390m. The drilled targets were mainly electromagnetic and magnetic anomalies selected within a high interest area with respect to the kimberlitic indicator distribution. All three holes were negative, terminating in basalt. The remainder of the targets will be drilled during H2 FY 2014.

A review of historical heavy mineral sampling results in the Lebung West area has enabled the design of a 10km by 15km deflation sampling block (approximately 80km North East of KX36) to be covered at a sampling interval of 500m. Regional heavy mineral sampling of this block has commenced and a total of 220 samples have been collected to date, with the first concentrate expected in early H2 FY 2014. Ground geophysical follow-up of previously identified magnetic targets within the project area is ongoing.

HEALTH AND SAFETY
The health and safety of all employees is of the utmost importance to the Company and Petra will relentlessly continue to take whatever action is required in pursuit of a zero harm environment.

It is with deep regret that the Company reported an accident which occurred at the Cullinan mine on Friday 17 January 2014 and which led to the passing away of one Petra employee on Sunday 19 January 2014. An investigation into this accident is underway in conjunction with the Department of Mineral Resources and the relevant trade unions.

Petra and its management once again express their sincere condolences to the family and friends of the deceased employee.

The Group LTIFR for H1 FY 2014 of 0.28 was an improvement on the 0.53 for H1 FY 2013 (the comparative number has been adjusted further to the more labour-intensive Star and Sedibeng mines being placed on care and maintenance in FY 2014). The LTIFR for H1 FY 2013 before adjustment was 0.84.

PRINCIPAL BUSINESS RISKS

The Group is exposed to a number of risks and uncertainties which could have a material impact on its long-term development, and performance and management of these risks is an integral part of the management of the Group.

An overview of the key risks which could affect the Group's operational and financial performance was included in the Company's 2013 Annual Report, which can be accessed at www.petradiamonds.com. These may impact the Group over the medium to long term; however the following key risks have been identified which may impact the Group over the next six months.

Short term demand and prices (Market and Price Risk)

The stability of financial markets and the corresponding effect on consumer demand impacts the Group and the diamond industry as a whole. Whilst the medium to long term fundamentals of the diamond market remain intact, with demand forecast to significantly outpace supply, in the short term the prevailing climate of global economic uncertainty may cause some volatility in rough diamond pricing.

Although diamond prices are influenced by numerous factors beyond the Company's control, the Group's management closely monitors developments in the international diamond market (across the pipeline from the rough market to the retail consumer market) to be in a position to react in a timely manner to changes in rough diamond prices and demand.

Exchange Rates (Currency Risk)

With Petra's operations mainly in South Africa, but diamond sales based in US Dollars, the volatility and movement in the Rand is a significant factor to the Group. Also, the Group undertakes transactions in a number of different currencies. Fluctuations in these currencies can have a significant impact on the Group's performance.

In order to mitigate currency risk, the Group continually monitors the movement of the Rand against the US Dollar and takes expert advice from its bankers in this regard. It is the Group's policy to hedge a portion of future US dollar sales revenue when weakness in the Rand deems it appropriate.

Labour unrest in South Africa

As previously announced, certain of the Company's South African operations (Cullinan, Koffiefontein, Kimberley Underground and Helam) were affected by work stoppages during August/September 2013. However, the Company was able to maintain around a 60% level of normal production during this time and was able to reach a satisfactory resolution to the industrial action after an approximately two week period.

Whilst labour relations are currently stable, there remains the potential for further unrest in South Africa in the short term. Petra remains focused on managing labour relations and on maintaining open and effective communication channels with the appropriate union representatives at its operations.

ROM grade volatility

As previously announced, the management of ROM grades, specifically at Finsch and Cullinan, remains a challenge due to the mature nature and dilution of the current mining areas. As a result, volatility in recovered ROM grades at these two operations can be expected until such time as new mining areas have been accessed and deliver undiluted ore to the production profile from FY 2015 onwards.

Petra is managing this issue by developing access to undiluted 'gapfiller' tonnes which can be drawn whilst the expansion plans progress, as outlined in the sections on Finsch and Cullinan above. Mitigation of the risk at Finsch has also been assisted by the plant changes (lowering the cut-off) implemented towards the end of FY 2013, which has served to significantly increase the mine's ROM grade.

OUTLOOK

The Company's operational performance, robust financial position and the strength in the diamond market combine to form a positive outlook for Petra's H2 FY 2014 and longer term business plan.

Johan Dippenaar
Chief Executive Officer
20 February 2014

Notes:

1. The following exchange rates have been used for this announcement: average for the Period US$1:R10.0709; 31 December 2013 US$1: 10.4470.
2. The following definitions have been used in this announcement:
    a. ct: carat
    b. cpht: carats per hundred tonnes
    c. Mctpa: million carats per annum
    d. Mcts: million carats
    e. ROM: run-of-mine

PETRA DIAMONDS LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2013

US$ million	Notes	**(Unaudited) 1 July 2013- 31 December 2013**	(Unaudited) 1 July 2012- 31 December 2012 Restated	(Audited) Year ended 30 June 2013
Revenue		**185.5**	156.3	402.7
Mining and processing costs		**(136.3)**	(144.4)	(316.7)
Other direct income		**2.1**	1.7	6.2
Exploration expenditure		**(1.4)**	(2.8)	(4.9)
Corporate expenditure	5	**(7.6)**	(7.3)	(14.1)
Impairment charge	6	**-**	(17.8)	(12.6)
Total costs		**(143.2)**	(170.6)	(342.1)
Other financial income		**6.0**	8.2	12.7
Unrealised foreign exchange gain		**5.8**	8.1	2.0
Other financial expense		**(7.0)**	(7.7)	(16.1)
Unrealised foreign exchange loss		**(4.9)**	(9.2)	(6.7)
Financial income	7	**11.8**	16.3	14.7
Financial expense	7	**(11.9)**	(16.9)	(22.8)
Profit before tax		**42.2**	(14.9)	52.5
Income tax expense		**(13.8)**	(0.3)	(24.6)
Profit / (loss) for the period		**28.4**	(15.2)	27.9
Attributable to:				
Equity holders of the parent company		**23.9**	(9.7)	32.0
Non-controlling interest		**4.5**	(5.5)	(4.1)
		28.4	(15.2)	27.9
Profit / (loss) per share attributable to the equity holders of the parent during the period:				
From continuing operations				
Basic profit / (loss) per share – US$ cents	13	**4.70**	(1.91)	6.30
Diluted profit / (loss) per share – US$ cents	13	**4.56**	(1.91)	6.13

The H1 FY 2013 comparative has been restated as the Fissure Mines have been reclassified to continuing operations. Refer to note 8. Unrealised foreign exchange has been split into gains and losses for consistency with other periods presented.

PETRA DIAMONDS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2013

US$ million	**(Unaudited) 1 July 2013- 31 December 2013**	(Unaudited) 1 July 2012- 31 December 2012	(Audited) Year ended 30 June 2013
Profit/(loss) for the period	**28.4**	(15.2)	27.9
Exchange differences on translation of foreign operations[1]	**(33.4)**	(23.0)	(97.9)
Exchange differences on non-controlling interest	**(1.0)**	(1.1)	(4.7)
Exchange differences recognised on translation of share-based payment reserve	**1.2**	0.9	0.2
Valuation loss on available for sale financial assets[1]	**-**	-	(0.1)
Total comprehensive income and expense for the period	**(4.8)**	(38.4)	(74.6)
Total comprehensive income and expense attributable to:			
Equity holders of the parent company	**(8.3)**	(31.8)	(65.8)
Non-controlling interest	**3.5**	(6.6)	(8.8)
	(4.8)	(38.4)	(74.6)

[1] Exchange differences recognised on valuation losses on available for sale financial assets and translation of foreign operations will be reclassified to profit and loss if specific future conditions are met.

PETRA DIAMONDS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2013

(Unaudited) US$ million	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Retained losses	Attributable to the parent	Non-controlling interest	Total
Six month period ending 31 December 2013:									
At 1 July 2013	86.3	654.8	(143.0)	13.9	(0.8)	(40.1)	571.1	16.3	587.4
Profit for the period	-	-	-	-	-	23.9	23.9	4.5	28.4
Other comprehensive (expense) / income	-	-	(33.4)	1.2	-	-	(32.2)	(1.0)	(33.2)
Transfer between reserves for exercise of employee options and warrants	-	-	-	(0.1)	-	0.1	-	-	-
Equity settled share based payments	-	-	-	2.4	-	-	2.4	-	2.4
Allotments during the period:									
- Share options exercised	0.1	0.2	-	-	-	-	0.3	-	0.3
- Warrants exercised	0.3	2.8	-	-	-	-	3.1	-	3.1
At 31 December 2013	86.7	657.8	(176.4)	17.4	(0.8)	(16.1)	568.6	19.8	588.4

PETRA DIAMONDS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2013

(Unaudited) US$ million	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Retained losses	Attributable to the parent	Non-controlling interest	Total
Six month period ending 31 December 2012:									
At 1 July 2012	85.7	651.1	(45.1)	10.3	(0.7)	(63.7)	637.6	27.4	665.0
Loss for the period	-	-	-	-	-	(9.7)	(9.7)	(5.5)	(15.2)
Other comprehensive (expense) / income	-	-	(23.0)	0.9	-	-	(22.1)	(1.1)	(23.2)
Transfer between reserves for exercise of employee options	-	-	-	(0.3)	-	0.3	-	-	-
Equity settled share based payments	-	-	-	0.8	-	-	0.8	-	0.8
Allotments during the period:									
- Share options exercised	0.2	0.8	-	-	-	-	1.0	-	1.0
- Warrants exercised	0.4	2.7	-	-	-	-	3.1	-	3.1
At 31 December 2012	86.3	654.6	(68.1)	11.7	(0.7)	(73.1)	610.7	20.8	631.5

PETRA DIAMONDS LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2013

(Audited) US$ million	Share capital	Share premium account	Foreign currency translation reserve	Share-based payment reserve	Other reserves	Retained losses	Attributable to the parent	Non-controlling interest	Total
12 month period ending 30 June 2013:									
At 1 July 2012	85.7	651.1	(45.1)	10.3	(0.7)	(63.7)	637.6	27.4	665.0
Profit / (loss) for the year	-	-	-	-	-	32.0	32.0	(4.1)	27.9
Other comprehensive income	-	-	(97.9)	0.2	(0.1)	-	(97.8)	(4.7)	(102.5)
Non-controlling interest purchased	-	-	-	-	-	(8.9)	(8.9)	(2.3)	(11.2)
Transfer between reserves for exercise of options	-	-	-	(0.5)	-	0.5	-	-	-
Equity settled share based payments	-	-	-	3.9	-	-	3.9	-	3.9
Allotments during the period:									
- Share options exercised	0.2	1.0	-	-	-	-	1.2	-	1.2
- Warrants exercised	0.4	2.7	-	-	-	-	3.1	-	3.1
At 30 June 2013	86.3	654.8	(143.0)	13.9	(0.8)	(40.1)	571.1	16.3	587.4

PETRA DIAMONDS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2013

US$ million		**(Unaudited) 31 December 2013**	(Unaudited) 31 December 2012	(Audited) 30 June 2013
ASSETS				
Non-current assets				
Property, plant and equipment	10	**758.6**	755.1	735.6
Available for sale financial assets		**0.1**	0.2	0.1
Deferred tax asset		**5.1**	11.1	5.9
Loans and other receivables		**85.3**	90.9	85.4
Total non-current assets		**849.1**	857.3	827.0
Current assets				
Inventories		**71.1**	65.6	53.7
Trade and other receivables		**31.5**	37.9	93.7
Cash and cash equivalents – unrestricted		**15.7**	23.3	14.1
Cash and cash equivalents - restricted		**12.3**	14.9	12.1
Total current assets		**130.6**	141.7	173.6
Non-current assets classified as held for sale	8	**-**	25.8	-
Total assets		**979.7**	1 024.8	1 000.6
EQUITY AND LIABILITIES				
Equity				
Share capital		**86.7**	86.3	86.3
Share premium account		**657.8**	654.6	654.8
Foreign currency translation reserve		**(176.4)**	(68.1)	(143.0)
Share-based payment reserve		**17.4**	11.7	13.9
Other reserves		**(0.8)**	(0.7)	(0.8)
Retained loss		**(16.1)**	(73.1)	(40.1)
Attributable to equity holders of the parent company		**568.6**	610.7	571.1
Non-controlling interest		**19.8**	20.8	16.3
Total equity		**588.4**	631.5	587.4
Liabilities				
Non-current liabilities				
Loans and borrowings		**126.9**	102.2	109.9
Trade and other payables		**64.9**	67.5	65.3
Provisions		**66.3**	82.9	67.3
Deferred tax liabilities		**73.1**	55.7	64.1
Total non-current liabilities		**331.2**	308.3	306.6
Current liabilities				
Loans and borrowings		**9.9**	22.0	37.1
Trade and other payables		**48.0**	52.8	64.7
Provisions		**2.2**	2.2	4.8
Total current liabilities		**60.1**	77.0	106.6
Liabilities directly associated with non-current assets classified as held for sale	8	**-**	8.0	-
Total liabilities		**391.3**	393.3	413.2
Total equity and liabilities		**979.7**	1 024.8	1 000.6

PETRA DIAMONDS LIMITED
CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2013

US$ million	**(Unaudited) 1 July 2013- 31 December 2013**	(Unaudited) 1 July 2012- 31 December 2012	(Audited) 1 July 2012- 30 June 2013
Profit / (loss) before taxation for the period	**42.2**	(14.9)	52.5
Depreciation of property plant and equipment – exploration	**-**	-	0.1
Depreciation of property plant and equipment – mining	**20.8**	20.6	42.4
Depreciation of property plant and equipment – other	**0.3**	0.1	0.3
Loss on disposal of property, plant and equipment	**1.5**	-	-
Impairment charges	**-**	17.8	12.6
Provision for retrenchments	**-**	-	2.6
Increase / (decrease) in provisions	**0.5**	0.2	(0.2)
Present value adjustment of rehabilitation provision – change in assumptions	**-**	-	(1.9)
Other finance income	**(6.0)**	(8.2)	(12.7)
Unrealised foreign exchange gain	**(5.8)**	(8.1)	(2.0)
Other finance expense	**7.0**	7.7	16.1
Unrealised foreign exchange loss	**4.9**	9.2	6.7
Share based payment provision	**2.4**	0.8	3.3
Operating profit before working capital changes	**67.8**	25.2	119.8
Decrease / (increase) in trade and other receivables	**58.2**	18.1	(57.3)
(Decrease) / increase in trade and other payables	**(12.8)**	5.5	28.6
Increase in inventories	**(20.3)**	(21.2)	(15.5)
Cash generated from operations	**92.9**	27.6	75.6
Finance expense	**(1.0)**	(1.3)	(2.6)
Net cash generated from operating activities	**91.9**	26.3	73.0
Cashflows from investing activities			
Acquisition of property, plant and equipment	**(84.7)**	(86.2)	(190.6)
Payments for acquisition of increased interest in Group's South African mines	**-**	-	(0.6)
Dividend received	**-**	-	6.6
Finance income	**0.1**	0.2	0.4
Transfer from restricted cash deposits	**(0.2)**	0.5	3.9
Net cash utilised in investing activities	**(84.8)**	(85.5)	(180.3)

PETRA DIAMONDS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2013

US$ million	**(Unaudited) 1 July 2013- 31 December 2013**	(Unaudited) 1 July 2012- 31 December 2012	(Audited) 1 July 2012- 30 June 2013
Cashflows from financing activities			
Proceeds from the issuance of share capital	**3.4**	4.1	4.3
Increase in borrowings	**39.4**	62.9	98.9
Repayment of borrowings	**(45.0)**	(9.4)	(9.2)
Net cash (utilised in) / generated from financing activities	**(2.2)**	57.6	94.0
Net increase / (decrease) in cash and cash equivalents	**4.9**	(1.6)	(13.3)
Cash and cash equivalents at beginning of the period	**14.1**	31.3	31.3
Effect of exchange rate fluctuations on cash held	**(3.3)**	(6.4)	(3.9)
Cash and cash equivalents at end of the period	**15.7**	23.3	14.1

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2013

1. GENERAL INFORMATION

Petra Diamonds Limited (the "Company"), a limited liability company listed on the Main Market of the London Stock Exchange, is registered in Bermuda with its Group management office domiciled in Jersey. The condensed consolidated interim financial statements of the Company for the six month period ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group").

2. ACCOUNTING POLICIES

The interim results, which are unaudited, have been prepared in accordance with the requirements of International Accounting Standard 34. This condensed interim report does not include all the notes of the type normally included in an annual financial report. This condensed report is to be read in conjunction with the Annual Report for the year ended 30 June 2013, and any public announcements made by the Group during the interim reporting period. The annual financial report for the year ended 30 June 2013 was prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRSs") and the accounting policies applied in this condensed interim report are consistent with the polices applied in the annual financial report for the year ended 30 June 2013 unless otherwise noted.

Basis of preparation

After a review of the Group's operations, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the unaudited condensed interim financial statements.

The unaudited condensed consolidated interim financial statements for the six months ended 31 December 2013 do not constitute statutory accounts and have been drawn up using accounting policies and presentation expected to be adopted in the Group's full financial statements for the year ended 30 June 2014, which are not expected to be significantly different to those set out in note 1 to the Group's audited financial statements for the year ended 30 June 2013. The impacts of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine and IAS 19 Amendment to Employee Benefits are detailed below.

The financial information for the year ended 30 June 2013 has been extracted from the statutory accounts for that period. The auditors' report for the year ended 30 June 2013 was unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report.

The financial information for the six months ended 31 December 2012 has been extracted from the unaudited interim results released to 31 December 2012.

Changes in accounting policies:

In the current financial period, the Group has adopted the new standards, amendments to standards and interpretations applicable from 1 July 2013 but none have had a material impact on the Group's reporting. Those that apply to the Group from 1 July 2013 are as follows:

IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
IFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities	1 January 2013
IAS 19	Amendment - Employee Benefits	1 January 2013
IAS 27	Amendment - Separate Financial Statements	1 January 2013

IAS 28	Amendment – Investments in Associates and Joint Ventures	1 January 2013

The Group has undertaken a review of stripping costs incurred during the production phase of its surface mines, namely Williamson and a satellite pit at Koffiefontein, since the start of the first period presented (1 July 2012) in accordance with IFRIC 20. Whilst the Group has adopted the requirements of IFRIC 20, the impact on prior periods is not considered significant or material to the interim results and therefore the prior periods have not been restated.

The Group previously applied the corridor method under IAS 19 Employee Benefits in respect of its pension scheme. The corridor method, under which actuarial gains and losses outside of a defined corridor were unrecognised, has been removed by an amendment to IAS 19 Employee Benefits. Similarly, the amendment changed the presentation and measurement of certain items. The impact on the prior year financial statements has been assessed and is considered immaterial. As such, no restatement of the pension accounting has been made.

Critical assumptions and judgements:

The preparation of the condensed consolidated interim financial statements requires management to make estimates and judgements and form assumptions that affect the reported amounts of the assets and liabilities, reported revenue and costs during the periods presented therein, and the disclosure of contingent liabilities at the date of the interim financial statements. Estimates and judgements are continually evaluated and based on management's historical experience and other factors, including future expectations and events that are believed to be reasonable. The estimates and assumptions that have a significant risk of causing a material adjustment to the financial results of the Group in future reporting periods are discussed below.

Judgements:

Life of mine and ore reserves and resources

There are numerous risks inherent in estimating ore reserves and resources and the associated current life of mine plan. The life of mine plan is the current approved management plan for ore extraction that considers specific resources and associated capital expenditure. The life of mine plan frequently includes less tonnes than the total reserves and resources that are set out in the Group's Reserves and Resources Statement and which management may consider to be economically viable and capable of future extraction.

Management must make a number of assumptions when making estimates of reserves and resources, including assumptions as to exchange rates, rough diamond and other commodity prices, recovery and production rates. Any such estimates and assumptions may change as new information becomes available. Changes in exchange rates, commodity prices, recovery and production rates may change the economic viability of ore reserves and resources and may ultimately result in the restatement of the ore reserves and resources and potential impairment to the carrying value of the mining assets and life of mine.

The current life of mine plan is used to determine the ore tonnes and capital expenditure in the impairment tests. Ore reserves and resources, both those included in the life of mine and certain additional tonnes which form part of reserves and resources considered to be sufficiently certain and economically viable, also impacts the depreciation of mining assets depreciated on a unit of production basis. Ore reserves and resources further impact the estimated date of decommissioning and rehabilitation.

Impairment reviews

While conducting an impairment review of its assets, the Group exercises judgement in making assumptions about future rough diamond prices, volumes of production, ore reserves and resources included in the current life of mine plans, feasibility studies, future development and production costs and macroeconomic factors such as inflation and discount rates. Changes in estimates used can result in significant changes to the condensed consolidated interim financial statements. The Group prepares value in use impairment models and assesses mining assets for impairment. The carrying value of the Helam and Kimberley Underground mining assets are sensitive to rough diamond prices, foreign exchange rates, forecasted growth in production rates and the successful exploitation of orebodies.

Taxation judgement

The Group has received a number of historical tax claims in respect of its mining operations, relating to the period prior to the operations being acquired by the Group. Judgement is applied by management, having consulted with local tax advisors, on the probability of payments being made to settle the claims. Where the claim is considered probable the Group has raised a provision in respect of the claim.

Capitalisation of borrowing costs

The Group capitalises effective interest costs (inclusive of fees) to property, plant and equipment when the loans are considered to have been drawn down for the purpose of funding the Group's capital development programmes.

Assumptions and estimates:

Provision for rehabilitation

Significant estimates and assumptions are made in determining the amount attributable to rehabilitation provisions. These deal with uncertainties such as the legal and regulatory framework, timing and future costs. In determining the amount attributable to rehabilitation provisions, management used a discount rate range of 5.6%–7.9%, estimated rehabilitation timing of nine to 49 years and an inflation rate range of 1.8%–5.9%. The Group estimates the cost of rehabilitation with reference to approved environmental plans filed with the local authorities. Changes to estimates are recognised when such plans are approved given uncertainties which may exist until the point of approval.

Pension scheme

The Company operates a defined benefit scheme and a defined contribution scheme. The pension charge or income for the defined benefit scheme is regularly assessed in accordance with the advice of a qualified actuary using the projected unit credit method. The most recent actuarial valuation was at 30 June 2012 and the Directors have reviewed the assumptions and consider them to remain materially appropriate. The most important assumptions made in connection with the charge or income are the return on the funds, the average yield of South African Government long dated bonds, salary increases, withdrawal rates, life expectancies and the current South African consumer price index.

Post-retirement medical fund

Post-retirement medical fund, the Company operates a post-employment health care liability scheme. The benefit liability for the post-employment health care liability scheme is regularly assessed in accordance with the advice of a qualified actuary using the projected unit credit method. The most recent actuarial valuation was at 30 June 2012 and the Directors have reviewed the assumptions and consider them to remain materially appropriate. The most important assumptions made in connection with the charge or income are the health care cost of inflation, the average yield of South African Government long dated bonds and salary increases, withdrawal rates and life expectancies.

Valuation of share options and share-based incentives

In determining the fair value of share-based payments made during the year to employees and Directors, a number of assumptions have been made by management. Significant judgements include the determination of appropriate inputs to valuation models and assessment of the likelihood of vesting.

Deferred tax

Judgement is applied in making assumptions about recognition of deferred tax assets. Judgement is required in respect of recognition of such deferred tax assets including the timing and value of estimated future taxable income, as well as the timing of rehabilitation costs and the availability of associated taxable income.

Inventory and inventory stockpile

Judgement is applied in making assumptions about the value of inventories and inventory stockpiles, including diamond prices, production grade and expenditure to determine the extent to which the Group values inventory and inventory stockpiles.

Depreciation

Judgement is applied in making assumptions about the depreciation charge, including estimated useful life of individual assets and residual values and the appropriate units of production tonnes. The assumptions are reviewed at least annually by management.

Net investments in foreign operations

Management assess the extent to which intra-group loans to foreign operations that give rise to unrealised foreign exchange gains and losses are considered to be permanent as equity or repayable in the foreseeable future. The foreign exchange on permanent as equity loans are recorded in foreign currency translation reserve until such time as the operation is sold, whilst the foreign exchange on loans repayable in the foreseeable future are recorded in the Consolidated Income Statement.

3. DIVIDENDS

No dividends were proposed or paid during the Period.

4. SEGMENTAL INFORMATION

Segment information is presented in respect of the Group's operating and geographical segments:
Mining – the extraction and sale of rough diamonds from mining operations in South Africa and Tanzania.
Exploration – exploration activities in Botswana.

Segments are based on the Group's management and internal reporting structure. Management reviews the Group's performance by reviewing the results of the mining activities in South Africa and Tanzania, reviewing the results of exploration activities in Botswana and reviewing the corporate administration expenses in Jersey. Each segment derives, or aims to derive, its revenue from diamond mining and diamond sales, except for the corporate and administration cost centre.

Segment results, assets and liabilities include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Segment results are calculated after charging direct mining costs, depreciation and other income and expenses. Unallocated items comprise mainly interest-earning assets and revenue, interest-bearing borrowings and expenses and corporate assets and expenses. Segment capital expenditure is the total cost incurred during the 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. The results are not materially affected by seasonal variations. Revenues are generated from tenders held in South Africa and Antwerp for external customers from various countries, the ultimate customers of which are not known to the Group.

4. SEGMENTAL INFORMATION (continued)

Operating segments	South Africa – Mining activities						Tanzania - Mining activities	Botswana	Jersey		
US$ million	Cullinan	Finsch	Koffiefontein	Kimberley Underground	Helam	Sedibeng JV and Star (care and maintenance)	Williamson	Exploration	Corporate administration	Inter-segment	Consolidated
(6 month period ended 31 December 2013)	1 July 2013 - 31 December 2013	1 July 2013 - 31 December 2013	1 July 2013 - 31 December 2013	1 July 2013 - 31 December 2013	1 July 2013 - 31 December 2013	1 July 2013 - 31 December 2013	1 July 2013 - 31 December 2013	1 July 2013 - 31 December 2013	1 July 2013 - 31 December 2013	1 July 2013 - 31 December 2013	1 July 2013- 31 December 2013
Revenue	61.3	83.2	8.1	16.1	3.0	0.9	12.9	-	-	-	185.5
Segment result[1]	22.5	33.2	0.5	2.3	(4.7)	(3.7)	(2.8)	(1.4)	(7.6)	1.9	40.2
Other direct income	0.3	1.1	0.2	0.2	(0.1)[3]	-	0.3	-	-	0.1	2.1
Operating profit / (loss)[2]	22.8	34.3	0.7	2.5	(4.8)	(3.7)	(2.5)	(1.4)	(7.6)	2.0	42.3
Other financial income											6.0
Unrealised foreign exchange gain											5.8
Other financial expense											(7.0)
Unrealised foreign exchange loss											(4.9)
Income tax expense											(13.8)
Non-controlling interest											(4.5)
Profit attributable to equity holders of the parent company											23.9
Segment assets	510.3	253.3	92.4	79.5	56.8	25.4	127.9	1.0	1 858.3	(2 025.2)	979.7
Segment liabilities	305.2	180.4	89.6	91.0	70.7	69.7	250.2	33.2	848.9	(1 547.6)	391.3
Capital expenditure	37.2	24.7	6.0	3.3	8.7[3]	-	4.8	0.1	0.5	-	85.3

[1] Total depreciation of US$21.1 million included in the segmental result, comprises depreciation incurred at Cullinan US$5.7 million, Finsch US$8.0 million, Koffiefontein US$1.1 million, Kimberley Underground US$2.0 million, Helam US$2.6 million, Sedibeng JV and Star US$0.1 million, Williamson US$1.3 million, Exploration US$nil million and Corporate administration US$0.3 million.

[2] Operating profit is equivalent to revenue of US$185.5 million less total costs of US$143.2 million as disclosed in the Consolidated Income Statement.

[3] Capital expenditure at the Fissure Mines includes work-in-progress of US$8.4 million (30 June 2013: US$4.4 million and 31 December 2012: US$15.5 million) in respect of the manufacture of plant and equipment for other mines within the Group. Other income in respect of the Fissure Mines includes US$17.1 million (30 June 2013: US$35.9 million and 31 December 2012: US$31.8 million) of revenue and US$17.2 million of costs (30 June 2013: US$36.9 million and 31 December 2012: US$32.8 million) in respect of the projects division at Helam for the manufacture of plant and equipment for other mines within the Group. Segment assets and liabilities include inter-company receivables and payables which are eliminated on consolidation.

4. SEGMENTAL INFORMATION (continued)

Operating segments US$ million	South Africa – Mining activities Cullinan	Finsch	Koffiefontein	Kimberley Underground	Fissure Mines (restated)	Tanzania - Mining activities Williamson	Botswana Exploration	Jersey Corporate administration	Inter-segment	Consolidated (restated)
(6 month period ended 31 December 2012)	1 July 2012 - 31 December 2012	1 July 2012 - 31 December 2012	1 July 2012 - 31 December 2012	1 July 2012 - 31 December 2012	1 July 2012 - 31 December 2012	1 July 2012 - 31 December 2012	1 July 2012 - 31 December 2012	1 July 2012 - 31 December 2012	1 July 2012 - 31 December 2012	1 July 2012 - 31 December 2012
Revenue	48.7	65.9	7.3	11.9	4.6	17.9	-	-	-	156.3
Segment result[1]	8.8	19.2	(5.4)	(1.7)	(6.9)	(2.5)	(2.8)	(7.3)	1.2	2.6
Impairment charge	-	-	-	-	(17.8)	-	-	-	-	(17.8)
Other direct income	0.1	0.8	0.2	0.1	0.3	0.2	-	-	-	1.7
Operating profit / (loss)[2]	8.9	20.0	(5.2)	(1.6)	(24.4)	(2.3)	(2.8)	(7.3)	1.2	(13.5)
Other financial income										8.2
Unrealised foreign exchange gain										8.1
Other financial expense										(7.7)
Unrealised foreign exchange loss										(9.2)
Income tax expense										(0.3)
Non-controlling interest										5.5
Loss attributable to equity holders of the parent company										(9.7)
Segment assets	440.1	243.4	73.0	92.4	95.3	121.0	1.1	1 949.4	(1 990.9)	1 024.8
Segment liabilities	261.4	191.6	63.9	122.5	149.9	242.0	29.6	914.4	(1 582.0)	393.3
Capital expenditure	44.6	20.8	10.1	16.4	17.4	4.7	-	0.6	(22.5)	92.1

The H1 FY 2013 comparative has been restated as the Fissure Mines have been reclassified to continuing operations. Refer to note 8.

[1] Total depreciation of US$20.7 million included in the segmental result, comprises depreciation incurred at Cullinan US$5.4 million, Finsch US$8.1 million, Koffiefontein US$0.6 million, Kimberley Underground US$3.8 million, Helam US$0.6 million, Sedibeng JV US$0.3 million, Star US$0.1 million, Williamson US$1.6 million, Exploration US$0.1 million and Corporate administration US$0.1 million.

[2] Operating loss is equivalent to revenue of US$156.3 million less total costs of US$170.6 million as disclosed in the Consolidated Income Statement.

4. SEGMENTAL INFORMATION (continued)

Operating segments			South Africa – Mining activities			Tanzania - Mining activities	Botswana	Jersey		
US$ million	Cullinan	Finsch	Koffiefontein	Kimberley Underground	Fissure Mines	Williamson	Exploration	Corporate administration	Inter-segment	Consolidated
(full year ended 30 June 2013)	2013	2013	2013	2013	2013	2013	2013	2013	2013	2013
Revenue	133.0	160.6	16.6	33.4	17.2	41.9	-	-	-	402.7
Segment result[1]	49.5	61.2	(9.4)	(0.2)	(12.1)	(3.8)	(4.9)	(14.1)	0.8	67.0
Impairment charge	-	-	-	-	(12.6)	-	-	-	-	(12.6)
Other direct income	1.7	3.0	0.6	0.2	0.3	0.4	-	-	-	6.2
Operating profit / (loss)[2]	51.2	64.2	(8.8)	-	(24.4)	(3.4)	(4.9)	(14.1)	0.8	60.6
Other financial income										12.7
Unrealised foreign exchange gain										2.0
Other financial expense										(16.1)
Unrealised foreign exchange loss										(6.7)
Income tax expense										(24.6)
Non-controlling interest										4.1
Profit attributable to equity holders of the parent company										32.0
Segment assets	542.8	241.5	92.2	87.9	85.9	121.1	0.9	1 824.8	(1 996.5)	1 000.6
Segment liabilities	322.9	186.0	88.2	106.1	131.9	240.0	31.7	877.1	(1 570.7)	413.2
Capital expenditure	89.0	48.6	20.4	21.6	7.0	11.7	-	5.4	(12.5)	191.2

[1] Total depreciation of US$42.8 million, comprises depreciation incurred at Cullinan US$11.2 million, Finsch US$15.8 million, Koffiefontein US$2.2 million, Kimberley Underground US$9.0 million, Helam US$1.2 million, Sedibeng JV US$0.4 million, Star US$0.1 million, Williamson US$2.5 million, Exploration US$0.1 million and Corporate administration US$0.3 million.

[2] Operating profit is equivalent to revenue of US$402.7 million less total costs of US$342.1 million as disclosed in the Consolidated Income Statement.

US$ million	**1 July 2013 - 31 December 2013**	1 July 2012 - 31 December 2012	1 July 2012 - 30 June 2013
5. CORPORATE EXPENDITURE			
Auditors' remuneration			
- Audit services[1]	**0.7**	0.6	0.7
Depreciation of property, plant and equipment	**0.3**	0.1	0.3
Operating lease rentals – buildings	**0.3**	0.5	0.7
Other charges	**3.0**	1.8	4.2
Share-based expense - Directors	**0.9**	0.7	1.4
Share-based expense – Senior Management	**0.2**	0.1	0.5
Other staff costs	**2.2**	2.9	5.8
Total staff costs	**3.3**	3.7	7.7
Transaction costs[2]	**-**	0.6	0.5
	7.6	7.3	14.1

[1] Audit services in the current period refer to the FY 2013 audit.

[2] Transaction costs comprise those costs incurred when the Group was considering the disposal of the Fissure Mines together with other costs associated with the Group's refinancing.

6. IMPAIRMENT CHARGE

At 31 December 2013, the Group performed impairment testing on all its operations. The results of the impairment testing performed did not indicate any impairments on the mining operations. Refer to note 2 for the key judgements and sensitivities at Kimberley Underground and Helam.

At 30 June 2013, the Group recognised an impairment loss relating to operational assets at Sedibeng JV and Star of US$12.6 million (refer to note 8 for further detail). The Group put both Sedibeng JV and Star on care and maintenance meaning that they will not be actively mined until the economic viability of those mines improves. At 30 June 2013, management reviewed the Helam operational assets for indicators of impairment and following the assessment no impairment of property, plant and equipment was considered appropriate.

At 31 December 2012, Sedibeng JV, Star and Helam were classified as held for sale. Refer to note 8.

US$ million	**1 July 2013 - 31 December 2013**	1 July 2012 - 31 December 2012*	1 July 2012 - 30 June 2013
7. FINANCING EXPENSE			
Gross interest expense on bank loans and overdrafts	**(5.7)**	**(11.3)**	(17.3)
Interest expense on bank loans and overdrafts capitalised	**4.7**	**10.0**	12.3
Net interest expense on bank loans and overdrafts	**(1.0)**	**(1.3)**	(5.0)
Other debt finance costs	**(3.7)**	**(4.5)**	(8.2)
Unwinding of present value adjustment for rehabilitation costs	**(1.9)**	**(1.9)**	(2.6)
Realised foreign exchange losses on the settlement of forward exchange contracts	**(0.4)**	**-**	(0.3)
Unrealised foreign exchange losses	**(4.9)**	**(9.2)**	(6.7)
Financial expense	**(11.9)**	**(16.9)**	(22.8)
Realised foreign exchange gains and other	**0.7**	**4.0**	3.1
Unrealised foreign exchange gains	**5.8**	**8.1**	2.0

Interest received on loans and other receivables	**5.1**	**3.9**	9.2
Interest received bank deposits	**0.2**	**0.3**	0.4
Financial income	**11.8**	**16.3**	14.7
	(0.1)	**(0.6)**	(8.1)

Unrealised foreign exchange has been split into gains and losses for consistency with other periods presented.

8. PRESENTATIONAL CHANGE ON FISSURE MINES

At 31 December 2012, the Group had, in conjunction with its BEE partners, decided to undertake a sale process in respect of its fissure mine operations, comprising the Helam, Sedibeng JV and Star mines in South Africa (the "Fissure Mines"). On initial reclassification of the Fissure Mines as held for sale, the Group reclassified the results of the Fissure Mines as discontinued activities and recognised Consolidated Income Statement charges of US$17.8 million in H1 FY 2013. This represented management's re-measurement to fair value less costs to sell the discontinued Fissure Mines in a disposal group and was allocated to property, plant and equipment.

During H2 FY 2013, the sale process was concluded without an acceptable funded offer being received. The mines were reclassified out of held for sale status accordingly and the fair value adjustment of US$17.8 million was reversed to the extent of the lower of carrying value (adjusted for depreciation that would have arisen), value in use and fair value less cost to sell of each mine as assessed following the end of the sale process. The reversal totalled US$5.2 million. The results for the period ending 31 December 2012, that were previously shown as discontinued operations in the H1 FY 2013 Consolidated Income Statement and are shown as held for sale in the comparative Consolidated Statement of Financial Position, are disclosed below. The results presented as comparatives in these interim financial statements have been reclassified as continuing activities in accordance with IFRS.

US$ million	**1 July 2013 - 31 December 2013**	1 July 2012 - 31 December 2012	1 July 2012 - 30 June 2013
Net assets :			
Property, plant and equipment (net of re-measurement)	-	20.5	-
Long term advances	-	0.2	-
Trade and other receivables	-	0.6	-
Inventories	-	4.5	-
Cash	-	-	-
Non-current assets classified as held for sale	-	25.8	-
Interest bearing borrowings	-	(3.0)	-
Rehabilitation provision	-	(3.4)	-
Deferred tax liabilities	-	-	-
Trade and other payables	-	(1.6)	-
Liabilities directly associated with non-current assets classified as held for sale	-	(8.0)	-
Net assets	-	17.8	-
b) Result of operations previously classified as discontinued:			
Revenue	-	4.6	-
Cost of sales	-	(12.6)	-
Gross loss	-	(8.0)	-
Re-measurement to fair value less costs to sell of discontinued fissure mines[1]	-	(17.8)	-

Finance income	-	0.4	-
Finance costs	-	(0.1)	-
Loss before taxation	-	(25.5)	-
Income tax credit	-	0.5	-
Net loss for the year	-	(25.0)	-

[1]The re-measurement of fair value less cost to sell was based on internal valuation models, discounts for market pricing and progress of the sale process at H1 FY 2013.

9. SHARES AND WARRANTS ISSUED

Allotments during the Period were in respect of the exercise of warrants over 2,100,000 ordinary shares by IFC and the exercise of share options over 409,000 ordinary shares by employees.

On 20 December 2013, the Executive Directors of the Company were granted a total of 203,845 deferred awards over ordinary shares in the Company. The awards represent 25% of the total bonus in respect of performance for the financial year ended 30 June 2013. The awards vest on 30 June 2015 and vesting is subject to continued employment.

On 20 December 2013, the Executive Directors of the Company were granted a total of 1,175,271 performance based share awards under the 2012 Performance Share Plan ("2012 PSP"). These awards under the 2012 PSP are subject to performance conditions based on: (i) absolute total shareholder return (25%) (ii) relative total shareholder return against industry peers (25%) and (iii) targets linked to delivery of the expansion programmes at the Company's various operations and operational performance (together 50%). Vesting will be based on performance measured over the period 1 July 2013 to 30 June 2016.

Further details with regards to the Group's share plans are provided in the Company's 2013 Annual Report.

10. PROPERTY, PLANT AND EQUIPMENT

The net movement in property, plant and equipment for the Period is US$23.0 million (30 June 2013: US$4.9 million and 31 December 2012: US$14.6 million). This is primarily as a result of an increase in property, plant and equipment from capital expenditure of US$85.3 million (30 June 2013: US$191.2 million and 31 December 2012: US$92.1 million), which is off-set by the movement in the US$/ZAR foreign exchange rate resulting in a foreign exchange decrease on Rand based assets of US$39.7 million (30 June 2013: US$132.1 million decrease and 31 December 2012: US$17.2 million decrease), depreciation of US$21.1 million (30 June 2013: US$42.8 million and 31 December 2012: US$20.7 million), impairment of Star and Sedibeng JV of US$nil (30 June 2013: US$12.6 million and 31 December 2012: transfer of the Fissure Mines' assets to assets classified as held for sale of US$38.3 million (gross of impairment)), reduction in rehabilitation asset of US$nil (30 June 2013: US$8.3 million and 31 December 2012: US$nil) and assets of US$1.5 million (30 June 2013: US$0.3 million and 31 December 2012: US$1.3 million) disposed of during the Period.

11. CAPITAL COMMITMENTS

As at 31 December 2013, the Company has committed to future capital expenditure totalling US$91.6 million (30 June 2013: US$87.2 million and 31 December 2012: US$31.2 million). Finsch and Cullinan account for US$79.3 million of the future capital commitments and Koffiefontein, Kimberley Underground, Williamson and Helam account for the remaining US$12.3 million.

12. RELATED PARTY TRANSACTIONS

During the Period, a subsidiary of the Company paid US$0.6 million (R6.0 million) (30 June 2013: US$1.7 million (R14.9 million); 31 December 2012: US$0.9 million (R7.2 million)) to Zeren (Pty) Ltd ("Zeren") in respect of the development and purchase of specialised plant and equipment. The cumulative amount paid to Zeren is US$8.8 million (R91.5 million) (30 June 2013: US$8.6 million (R85.5 million); 31 December 2012: US$9.5 million (R77.8 million)). Mr Dippenaar, Mr Davidson and Mr Abery are all Directors of the Company and are also directors and shareholders of Zeren.

Umnotho weSizwe Group (Pty) Ltd ("Umnotho"), one of Petra's BEE partners, holds a 36% interest in the Cullinan mine BEE holding company, Thembinkosi Mining Investments (Pty) Ltd ("Thembinkosi"). The Group has a non-current receivable due from

Thembinkosi of US$27.7 million (30 June 2013: US$25.9 million and 31 December 2012: US$30.4 million) and a non-current payable due to Thembinkosi of US$23.6 million (30 June 2013: US$24.0 million and 31 December 2012: US$26.8 million). Included in net finance expense (note 7), the Company has finance income due from Thembinkosi of US$1.4 million (30 June 2013: US$2.5 million and 31 December 2012: US$1.8 million) and finance expense payable to Thembinkosi of US$1.0 million (30 June 2013: US$1.2 million and 31 December 2012: US$1.1 million). These sums arise due to the funding that the Group has provided to Thembinkosi to finance its interests in the Cullinan mine. Mr Abery is a director of Umnotho. Mr Pouroulis and Mr Abery are beneficiaries of a trust that is a shareholder in Umnotho.

The Group has a 49.24% interest in Nelesco 651 (Pty) Ltd, which is the holding company of Sedibeng Mining (Pty) Ltd ("Sedibeng"), one of Petra's BEE partners. Sedibeng holds direct interests in the Kimberley Underground, Helam, Sedibeng JV and Star mines and indirect interests in Finsch, Cullinan and Koffiefontein through its shareholding in Thembinkosi, Senahka Diamonds Investments (Pty) Ltd ("Senahka") and Re Teng Diamonds (Pty) Ltd ("Re Teng Diamonds"). The Group has a non-current receivable due from Sedibeng of US$19.0 million (30 June 2013: US$19.0 million and 31 December 2012: US$16.8 million) and a non-current payable due to Sedibeng of US$4.8 million (30 June 2013: US$4.6 million and 31 December 2012: US$2.7 million). Included in net finance expense (note 7), the Company has finance income due from Sedibeng of US$1.5 million (30 June 2013: US$1.7 million and 31 December 2012: US$1.0 million) and finance expense payable to Sedibeng of US$0.3 million (30 June 2013: US$0.7 million and 31 December 2012: US$0.4 million).These sums arise due to the funding that the Group has provided to Sedibeng to finance its interests in the Koffiefontein (through Re Teng Diamonds), Kimberley Underground and Sedibeng JV mines.

Senakha, another of Petra's BEE partners, holds a 21% direct interest in the Finsch mine. The Group has a non-current receivable due from Senakha of US$36.6 million (30 June 2013: US$36.7 million and 31 December 2012: US$32.9 million) and a non-current payable due to Senakha of US$36.6 million (30 June 2013: US$36.7 million and 31 December 2012: US$32.9 million). Included in net finance expense (note 7) the Group has finance income due from Senakha of US$1.9 million (30 June 2013: US$4.1 million and 31 December 2012: US$2.1 million) and finance expense payable to Senakha of US$1.9 million (30 June 2013: US$4.1 million and 31 December 2012: US$2.1 million). These sums arise due to the funding that the Group has provided to Senakha to finance its interests in Finsch.

Re Teng Diamonds, another of Petra's BEE partners, holds a 30% direct interest in the Koffiefontein mine. The Group has an interest free receivable due from Re-Teng of US$0.9 million (30 June 2013: US$1.2 million and 31 December 2012: US$1.1 million).

13. EARNINGS PER SHARE

	Total 31 December 2013 US$	Total 31 December 2012 US$	Total 30 June 2013 US$
Numerator			
Profit / (loss) for the Period	**23,966,613**	(9,699,384)	32,008,858
Denominator			
	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS			
As at 1 July	**509,601,048**	505,654,430	505,654,430
Effect of shares issued during the Period	**697,612**	962,982	2,362,221
As at 31 December	**510,298,660**	506,617,412	508,016,651
	Shares	Shares	Shares
Dilutive effect of potential ordinary shares	**14,733,995**	-	14,093,941

Weighted average number of ordinary shares in issue used in diluted EPS	**525,032,655**	506,617,412	522,110,592
	US$ cents	US$ cents	US$ cents
Basic profit / (loss) per share – US$ cents	**4.70**	(1.91)	6.30
Diluted profit / (loss) per share – US$ cents	**4.56**	(1.91)	6.13

In the current period, the number of potentially dilutive ordinary shares, in respect of employee share options, Executive Director and Senior Management share award schemes and warrants is 14,733,995 (30 June 2013: 14,093,941 and 31 December 2012: 11,681,050). These potentially dilutive ordinary shares may have a dilutive effect on future earnings per share. There have been no significant post balance sheet changes to the number of options and warrants to impact the dilutive number of ordinary shares.

14. ADJUSTED EARNINGS PER SHARE

In order to show results from operating activities on a consistent basis, an adjusted earnings per share is presented which excludes certain items as set out below. It is emphasised that the adjusted earnings per share is a non-GAAP measure. The Petra Board considers the adjusted earnings per share to better reflect the underlying performance of the Group. The Company's definition of adjusted earnings per share may not be comparable to other similarly titled measures reported by other companies.

	Total 31 December 2013 US$	Total 31 December 2012 US$ (restated)	Total 30 June 2013 US$
Numerator			
Profit / (loss) for the Period	**23,966,613**	(9,699,384)	32,008,858
Adjustments:			
Net unrealised foreign exchange (profit) / loss (note 7)	**(875,787)**	1,084,656	4,670,690
Transaction costs (note 5)	**-**	619,465	536,248
Retrenchment costs	**-**	-	2,603,377
Impairment charges (note 6 and 8)	**-**	17,800,000	12,560,534
Adjusted profit for the Period	**23,090,826**	9,804,737	52,379,707
Denominator			
	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS			
As at 1 July	**509,601,048**	505,654,430	505,654,430
Effect of shares issued during the Period	**697,612**	962,982	2,362,221
As at 31 December	**510,298,660**	506,617,412	508,016,651
	Shares	Shares	Shares
Dilutive effect of potential ordinary shares	**14,733,995**	11,681,050	14,093,941
Weighted average number of ordinary shares in issue used in diluted EPS	**525,032,655**	518,298,462	522,110,592
	US$ cents	US$ cents	US$ cents
Adjusted basic profit per share – US$ cents	**4.52**	1.93	10.31
Adjusted diluted profit per share – US$ cents	**4.40**	1.89	10.03

The adjusted EPS measures for H1 FY 2013 have been restated to provide a consistent basis of measurement across the periods presented. The adjustment increased both EPS measures by 0.88 US$ cents per share.

RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

(a) the Condensed Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*, and give a true and fair view of the assets, liabilities, financial position and profit of the Group; and

(b) the Interim Management Report includes a fair review of the information required by FCA's Disclosure and Transparency Rules (DTR 4.2.7 R and 4.2.8 R).

By order of the Board

Johan Dippenaar
Chief Executive Officer

David Abery
Finance Director