



**Petra**Diamonds

# **Group Results Presentation**

**8 – 11 October 2007**

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# Petra's strategy

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**Petra Diamonds** is a **diamond mining group** focused on the production, exploration and beneficiation of diamonds in **Africa**

By offering investors exposure to a mid-tier diamond group with **production cash flows** and **world class exploration projects**, Petra believes it can deliver **superior returns** to shareholders

**Petra** is **achieving** this strategy – solid foundations are in place for 2007/8 to record strong production and exploration results

# Group structure



Production

Exploration

Beneficiation

South Africa  
Koffiefontein  
Kimberley Underground\*  
Fissure mines;  
Helam, Sedibeng, Star

Early stage exploration  
Angola - Luangue  
Botswana - Kalahari

Advanced exploration  
Angola – Alto Cuilo  
Sierra Leone - Kono

Calibrated Diamonds

\* Acquisition of Kimberley Underground from De Beers announced 14 September 2007

# Petra's operations



## Sierra Leone

Kono Project

## Angola

Alto Cuilo

Luangue

## Botswana

Kalahari Diamonds

## South Africa

Koffiefontein

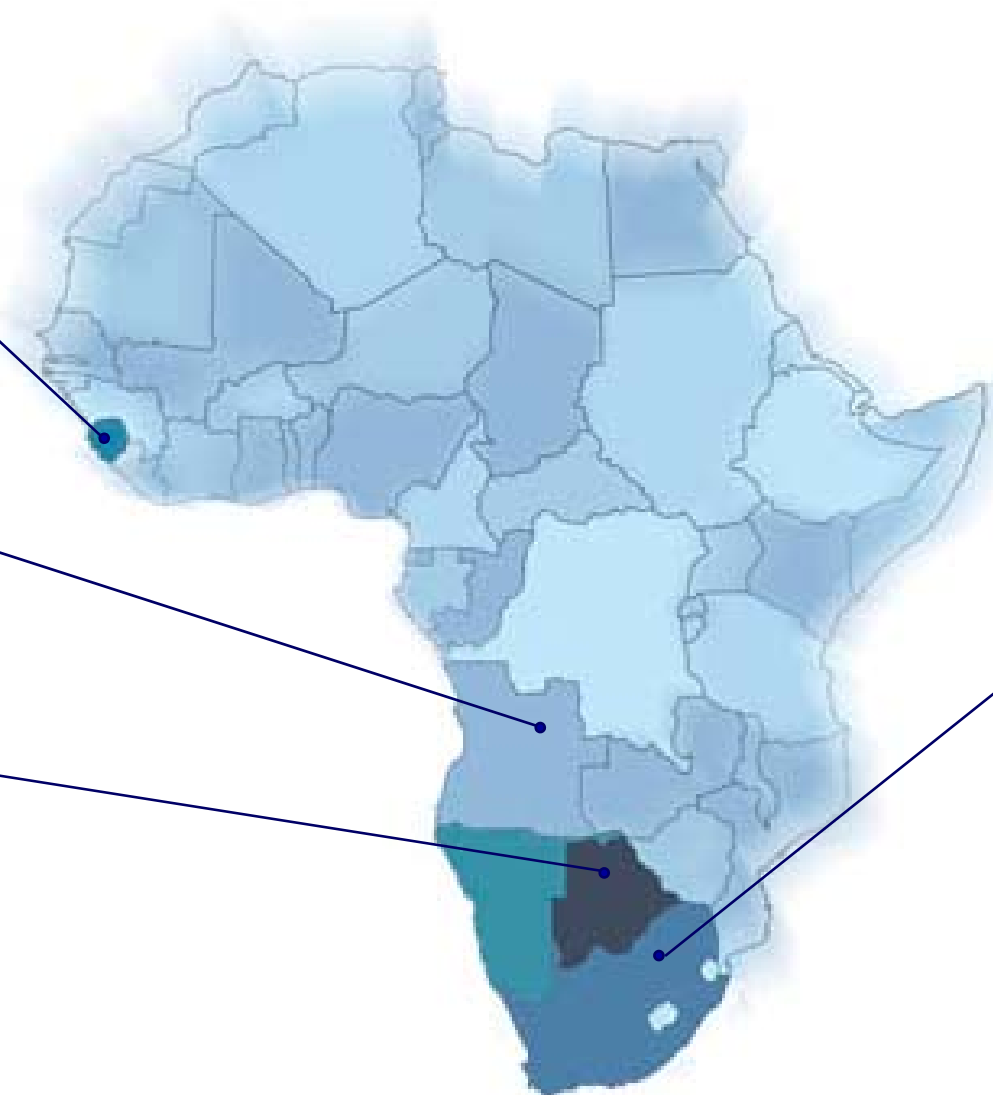
Kimberley Underground

Helam

Sedibeng

Star

Calibrated Diamonds



# Executive management



**Adonis Pouroulis**  
**Chairman**

- Successful mining entrepreneur; high level mining industry and political relationships
- Founder of Petra Diamonds (1997)



**Johan Dippenaar**  
**CEO**

- 17 years in the diamond mining industry
- Joined Petra in Crown merger 2005



**David Aberly**  
**Finance Director**

- Extensive CFO experience in SA and UK
- In-depth knowledge of AIM
- Joined Petra 2003



**Jim Davidson**  
**Technical Director**

- > 20 years experience in mine management; acknowledged world authority on kimberlite geology and exploration
- Joined Petra in Crown merger 2005



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## South Africa

# Production & cash flow





## South Africa – producing mines

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- 5 producing underground kimberlite mines; Koffiefontein, Kimberley Underground (underground pipes) and Helam, Sedibeng, Star (fissures)
- World class skills in underground kimberlite pipe mining - also the world's leading expert in fissure mining
- Substantial production and revenue increase (sustainable) expected for year to June 2008 and beyond
- After De Beers, the largest producer of diamonds by volume



# Koffiefontein

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- Illustrates Petra's ability to successfully operate larger operations and to turn 'end of life mines' back to account; Koffiefontein - at least 10 years life of mine planned by Petra
- Since completing acquisition of Koffiefontein in July 2007:
  - Values of average US\$350/carat achieved (excl exceptional stones) on first two Petra tenders, far higher than original expectations; Koffiefontein sales since July '07 US\$11.7 million
  - Exceptional stones of 74.7 carats and 60.25 carats sold for US\$1,012,636 and US\$736,000 respectively
- Sales expected of 92,000 carats p.a. – at US\$350/carat underground plus tailings expected gross revenues > US\$30 million p.a. (70% attributable; 30% BEE partner)

*"The acquisition of Koffiefontein introduced a world class diamond mine to our portfolio"*

- Adonis Pouroulis, Chairman, 8 October 2007

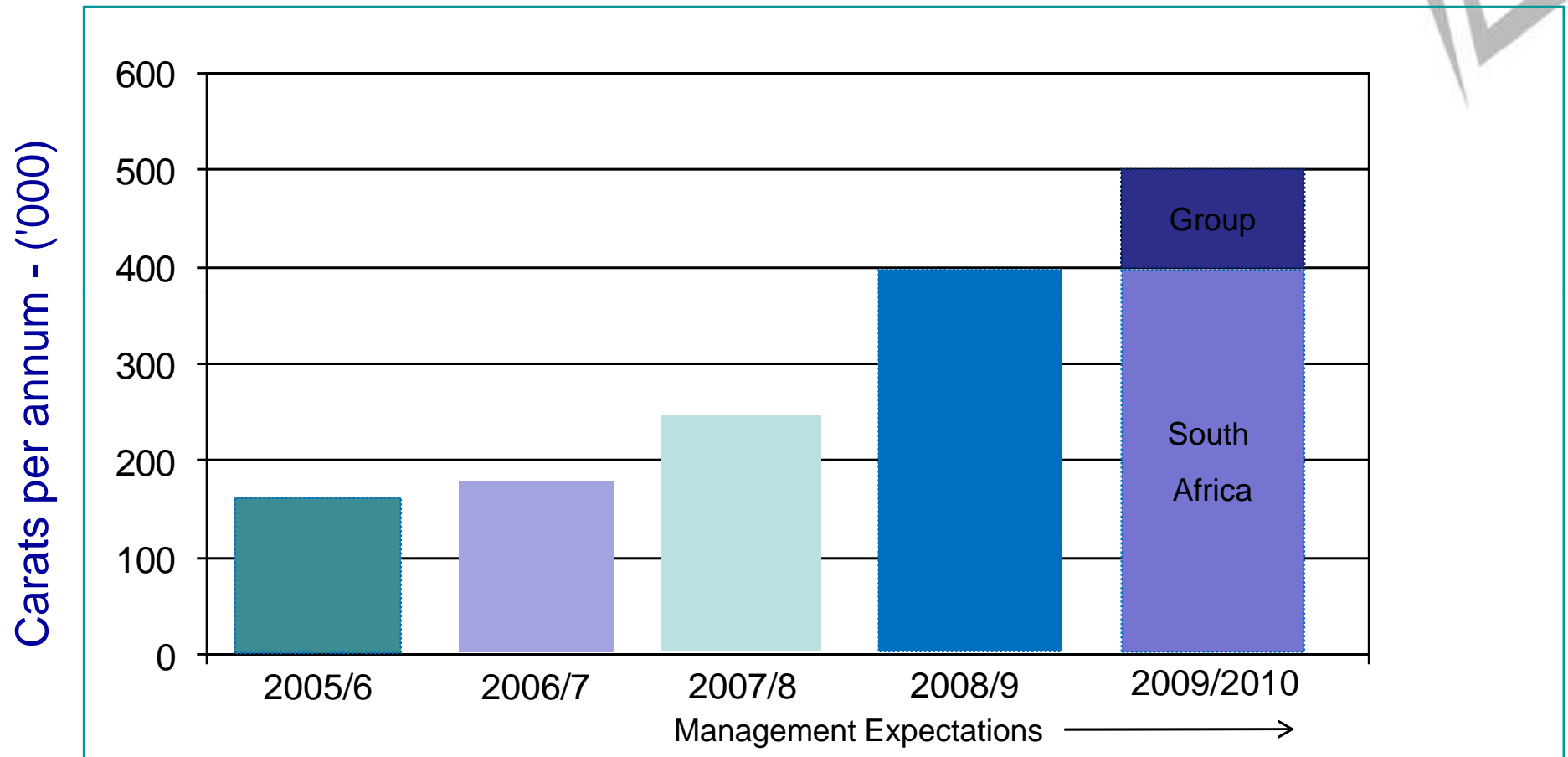


# Kimberley Underground mines

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- Acquisition of Wesselton, Du Toitspan and Bultfontein mines (together Kimberley Underground) from De Beers announced 14 September '07; consideration R78.5 million (US\$11m)
- Petra expects annual sales from Kimberley U/G in excess of 100,000 carats at US\$160/carat – expected gross revenues > US\$16 million p.a. (74% attributable; 26% BEE partner); life of mine 12 years
- Production will commence in FY 2008/09 contributing to increased total Petra group production > 400,000 carats p.a.
- Completion of acquisition conditional on issue of mining rights to Petra and associated approvals; Petra to run mines on care and maintenance until conditions met

## South Africa – expected production growth



*“Increasing our production will not only add to the upside of the major exploration projects within the Group, it will also deliver steady earnings growth”*

– Adonis Pouroulis, Chairman Petra Diamonds, 8 October 2007



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# Angola

## Exploration

**Early stage (Luangue) & Advanced (Alto Cuilo)**

# Modern day Angola – diamond country

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- Accepted by experts as hosting many undiscovered kimberlites, many large and un-eroded
- Due to previous hostilities (now at peace since 2002) and remoteness, largely unexplored
- Angola – politically stable – large exporter of oil to US
- Angola historically a major producer of alluvial diamonds (derived from undiscovered kimberlites)
- Catoca mine (Alrosa 33%, Endiama 33%) – expected production 7m carats 2007
- Angola widely expected to host the world's next major economic kimberlite mine

# Angola – Project Alto Cuilo

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- Alto Cuilo is Petra's flagship project, an opportunity of considerable potential upside
- Petra is in JV with BHP Billiton (30 Sept '07 – BHP Billiton funding US\$52.2m - one of the highest spends in BHP Billiton's global mining & mineral exploration portfolio)
- 77 kimberlites identified from 99 targets drilled – surface area of kimberlites > 1,500 hectares; highly encouraging mantle geotherm, diamond indicator mineral chemistry and initial microdiamond counts
- Large diameter drills and mobile DMS plant treating mini-bulk samples – regular news flow updates

*“We continue to be delighted by the unusually high success rate for kimberlite discovery at Alto Cuilo” – Adonis Pouroulis, Chairman, 8<sup>th</sup> October 2007*



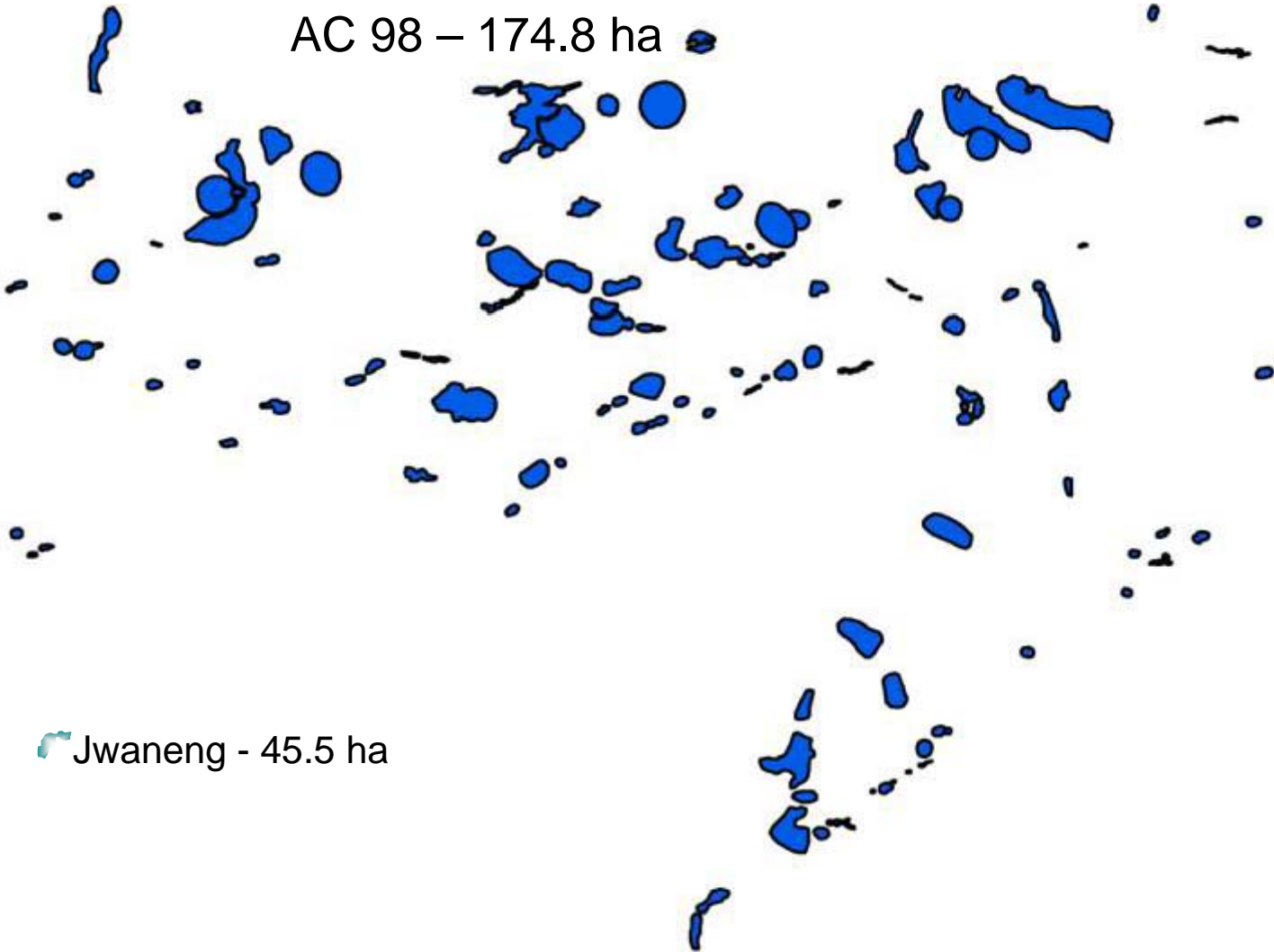


# Alto Cuilo - kimberlite comparison


Alto Cuilo  
kimberlite field

Total estimated  
surface area to  
date 1400 ha

AC 98 – 174.8 ha



Botswana

 Orapa - 111 ha

 Jwaneng - 45.5 ha

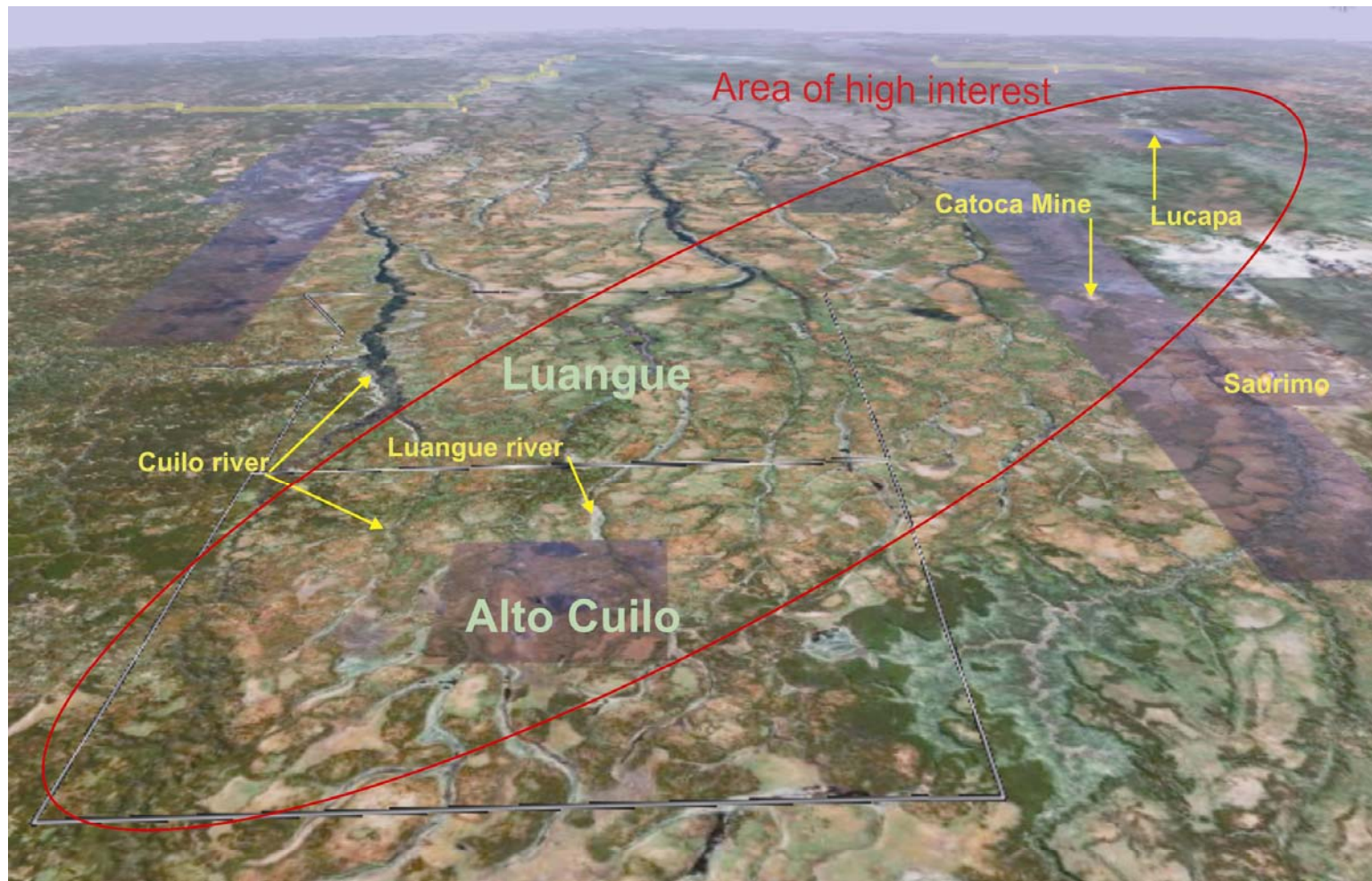
South Africa

 Premier – 32 ha

Approx. to scale



# Alto Cuilo - Location



# Angola – Project Luangue

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- Joint venture now extended with BHP Billiton buying into Luangue (block area adjacent to Alto Cuilo, expected to host similar kimberlite geology)
- August '07 - Petra signs Luangue JVA with BHP Billiton; BHPB pay Petra US\$22.3m cash for 25% and (to earn in) to fund to later of pre-feasibility (when will move to 75%) and US\$110m
- Objective is to fast track Luangue based on Alto Cuilo experience – regular news flow anticipated
- Consolidates Petra's position in the diamond belt of Angola, with no further spend until pre-feasibility and strong partnerships with BHPB in-country
- With Luangue, BHPB spend totaling US\$170m required to earn into both projects

*"It is Petra's belief that Luangue is as prospective as Alto Cuilo"*

- Adonis Pouroulis, Chairman, 8 October 2007



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# **Botswana**

## **Exploration –**

### **Early stage**



# Botswana Exploration – Sekaka Diamonds

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- Botswana is the world's largest producer of diamonds by value
- Petra has approx. 52,000km<sup>2</sup> of the most prospective diamond exploration ground in Botswana
- Acquisition cost of Botswana assets US\$22m - an economic discovery in Botswana would be extremely value accretive to the group
- 30 known kimberlites in its licence areas and other highly prospective anomalies for further investigation – 2 licences granted near Jwaneng mine, holding diamondiferous kimberlites DK4 and DK6
- New generation exploration technologies being applied, with technical support from BHP Billiton – led to discovery of kimberlite X25 in area already extensively explored
- Drilling at Kukama indicates kimberlite 173S could be 25 hectares in size



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# Sierra Leone

## Exploration – Advanced



# Sierra Leone – Kono project

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- Kono project in the world renowned Koidu diamond field – historically in excess of 30 million carats produced
- 51% interest with JV partner Stellar Diamonds (49%) (Mano River Resources group)
- Trial mining currently underway; grades of 50 – 80 cpht reported; better, more consistent widths of kimberlite now encountered – encouraging signs will develop into economic production operations
- Plan to extract 1,000t sample from each shaft to establish parameters (e.g. ROM grade, diamond values) for scoping study
- Plant and related infrastructure in place to fast track Kono towards production, possibly within 12 to 18 months

*“This year will be critical to establishing whether we have an economic mine at Kono”*

– Adonis Pouroulis, Chairman, 8 October 2007



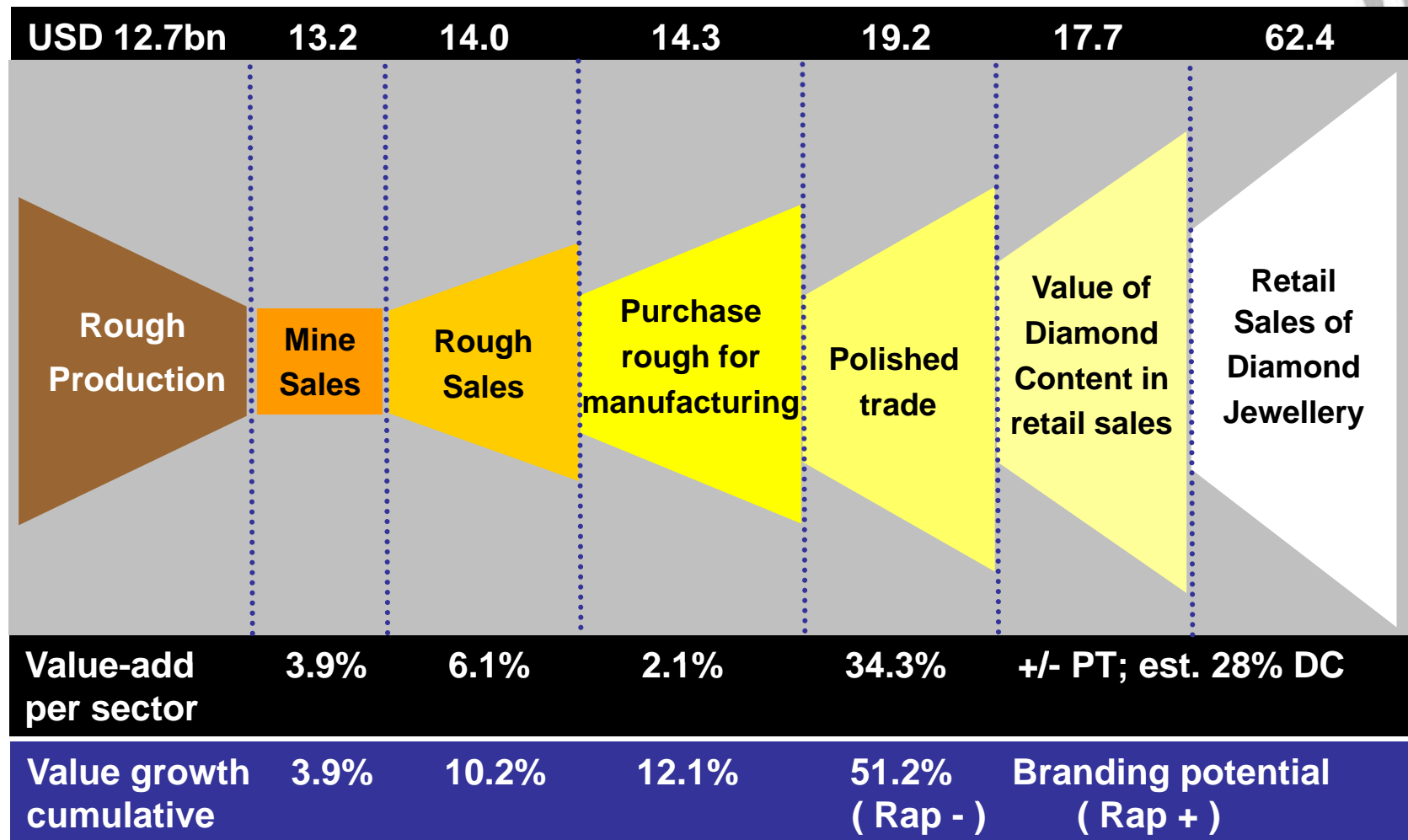
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# Calibrated Diamonds

## Beneficiation



# The Diamond Pipeline



Source: DIB - 2005



# Beneficiation – Calibrated Diamonds

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- Calibrated focused on cutting and polishing of diamonds using a unique process – polished diamonds of a very high and consistent standard
- Significant value (approx. 50%) is added to rough diamond production world wide through the polishing process - Petra can beneficiate its own production, participating in this value-add
- Calibrated has the potential to significantly enhance Petra’s revenues and cash flows
- Now in ramp up phase: currently applying technology to 120 carats per month from Petra SA production and scheduled to increase to 2,500 carats per month by mid 2008
- Acquisition cost only US\$ 2.3m – upside not yet reflected in Petra value

# Calibrated Diamonds - advantages

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## Conventional

- Conventional process
- < 0.7% diamonds = symmetry
- Throughput 4-5 days per stone
- Yield (< 52%)
- < 11% ROM
- Labour intensive
- No traceability
- Discount Rap

## Calibrated

- CD Process (precision, technology)
- Symmetry (H&A, MY)
- Throughput (2ct/hr/machine)
- Yield average 70%
- Full ROM
- Automated (24 x 7 x 365)
- DNA foot-printing analysis
- Premium Rap



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# **Results to June '07 and Corporate**

# Preliminary Results 30 June 2007



	12 months to June 2007 (US\$M)	12 months to June 2006 (US\$M)
Revenue	17.0	20.9
Gross profit on mine	1.3	3.3
Exploration expenses	(1.2)	(2.1)
Loss for the period	(20.9)	(18.8)
Loss per share (US cents)	(13.60)	(13.11)
Production (carats)	180,474	175,011
Cash at bank	44.1	7.0



# Preliminary Results 30 June 2007

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- Revenue 3 months to 30 Sept '07 US\$15.9m; revenue jump due to Koffiefontein coming on stream
- \$6.4 million gross profit (Koffiefontein) booked in FY 2008
- Group revenue and cash flow growth on track for 2008
- Resource increase of 101% to 9.3 million carats; in-situ value US\$1.5 billion

# Corporate snapshot

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- Shares in issue 184 million
- Fully diluted shares in issue 203 million
- Market cap £226 million
- 12 month high/low 167.0p – 82.0p
- Cash at 30 Sep '07 US\$65 million



# Share analysis



## Share graph



## Major shareholders

	%
Institutions	86.2
Saad	29.1
JP Morgan	9.2
Al Rajhi	7.8
Other	40.1
Management	6.6
Star Mining	5.0
BHP Billiton	2.2



# Outlook

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- Petra's prospects for the current financial year and beyond are extremely encouraging
- Revenues for 3 months to 30 September 2007 have already reached US\$15.9m, only US\$1.1m less than that for the full year to 30 June 2007
- Expected production of 250,000 carats for the year to 30 June 2008 and 400,000 carats to 30 June 2009
- Alto Cuilo mini bulk sampling underway – regular drilling results
- Luangue solid potential - strong news flow expected
- A strong background for diamond market – price rise is overdue





**Petra**Diamonds

***THANK YOU***

[www.petradiamonds.com](http://www.petradiamonds.com)

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