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Petra Diamonds is a diamond mining group focused on the mining, exploration and beneficiation of diamonds from Africa’s rich resources

Petra’s strategy is to build a portfolio of producing mines together with beneficiation capability, combined with a world class exploration base, achieving the objective of becoming a successful mid-tier diamond group
Diamond market

- Demand for rough growing while supply is constrained

- Rough prices expected to rise further over the medium term

- To meet demand, major new mines need to be identified and proven up

Total World Production US$13 bn (2005)

Source – J. Picton / WHIreland
A unique opportunity to directly invest in a mid-tier diamond group with a spread of production, beneficiation and exploration assets.

De Beers
BHP Billiton
Rio Tinto
Alrosa

Our Objective

Petra Diamonds

Juniors
Petra’s operations

- Alto Cuiło (Angola)
- Kono (Sierra Leone)
- Helam (South Africa)
- Koffiefontein (South Africa)
- Luangue (Angola - strategic cooperation)
- Star (South Africa)
- Sedibeng (South Africa)
- Kalahari (Botswana)
South Africa – producing mines – excl Koffiefontein

- 3 producing mines – Helam, Sedibeng and Star
- Resource (10 year view) – 4 million carats
- Resource value (10 year view) at average US$117/carat – US$520m
- Kimberlite fissure operations, each with a remaining life of mine > 15 years
- Production 175,000 carats 12 months to June 2006; revenue US$20.8m (2005 – 144,000 carats)
- After De Beers, the largest producer of diamonds by volume and the largest employer in diamond mining
In December Petra announced the purchase of the Koffiefontein assets from De Beers.

- Mining licence issued December ‘06
- Kimberlite underground mine
- Expected to add significant production to Petra group
- Acquisition will be funded from Petra’s existing cash resources
- Expected that few outstanding conditions required pre mining to be satisfied in next few weeks
South Africa – Koffiefontein
South Africa – expected production growth - incl Koffiefontein

Carats per annum - ('000)

Production 2006
175,000 carats

Expected production growth to 2010 in excess of 300,000 carats; company target 500,000 carats
27 November 2006 – Petra announces acquisition of 100% of Calibrated Diamonds

CDIH focused on cutting and polishing of diamonds using a unique process – polished diamonds of a very high and consistent standard

Acquisition of CDIH makes Petra AIM’s first fully integrated mid-tier diamond mining group
Beneficiation – Calibrated Diamonds

- Significant value (approx. 50%) is added to rough diamond production worldwide through the polishing process

- Via CDIH, Petra can beneficiate its own production, participating in this value-add

- CDIH has the potential to significantly enhance Petra’s revenues and cashflows

- Acquisition also in line with focus of African producer countries to beneficiate diamonds at source

- Transparency of Petra production gives Petra the ability to build a ‘mine to finger’ supply chain
Beneficiation – Calibrated Diamonds

- Production of a very high and consistent quality
- Able to produce “Hearts & Arrows”
Angola – exploration – Alto Cuilo

- Angola – politically stable – large exporter of oil to US
- Alto Cuilo is Petra’s flagship project, an opportunity of massive potential upside
- Petra is in JV with BHP Billiton
- 73 kimberlites identified from 82 targets drilled – surface area of kimberlites > 1,400 hectares
- Highly encouraging mantle geotherm and diamond indicator mineral chemistry
Alto Cuilo – diamond indicators

- **AC 98** – estimated surface area 175 ha
- Economic kimberlites exhibit such garnet compositions

**Alto Cuilo Sample AC98-2-1-1**

Ti-Na Garnet Chemistry

- Histogram and scatter plot showing TiO2 and Na2O concentrations.
- Megacrysts and Diamond Inclusion Field.
- Barren Eclogite.

Petra Diamonds
Alto Cuilo – bulk sampling started

- Large diameter drill and 10 tph mobile DMS plant taking bulk samples from the most prospective anomalies – first results expected Q1 2007

- Positive bulk sample results could lead to a significant upside to Petra’s valuation

- Average value from 310 carat sample previously recovered – US$295/carat

“Project Alto Cuilo – has the potential to rival some of the world’s greatest kimberlites”

James Picton – Diamond Analyst – WH Ireland
• BHP Billiton funding Alto Cuilo exploration

• For spend of US$60 million, BHP Billiton earn a 75% share of Petra/BHP Billiton JV

• 31 December ’06 – BHP Billiton had funded US$32.9m – budget for year to June ’07 US$20m

• One of the highest spends in BHP Billiton’s global mining & mineral exploration portfolio
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 diamonds

Source: BHP Billiton – Diggers & Dealers presentation – 8 August 2006
Petra and Xceldiam in strategic cooperation on Project Luangue and Project Alto Cuilo

Luangue may host kimberlite geology similar to that of Alto Cuilo

Luangue – over 70 kimberlitic anomalies identified – first drill hole intersected kimberlite (July ’06)

Petra holds warrants to acquire 10% in Project Luangue for £14 million – warrants staggered to December ’08

Petra has a right of first refusal over Xceldiam’s interest in Luangue

Consolidates Petra’s position in the Alto Cuilo region
Botswana – exploration – Kalahari Diamonds

- Kalahari Diamonds has approx 52,000km² of highly prospective diamond exploration ground in Botswana
- Botswana is the world’s largest producer of diamonds by value, hosting several of the world’s largest mines, including Jwaneng and Orapa
- Petra has in Botswana –
  - technical support from BHP Billiton & access to BHP Billiton’s Falcon technology
  - the Gope kimberlite field that is known to host six or seven kimberlites
  - Kukama project area, hosting 24 kimberlites, also in Kalahari licence area
  - other highly prospective anomalies for further investigation
Petra’s 2007 work programme;

- Focus on the Gope area - several known diamondiferous kimberlites
- Follow up in Kukama project area, including large gravity anomaly and kimberlite
- Drilling programme for Gope and Orapa South
- Re-evaluation of accumulated geophysical data
Sierra Leone - stable mining environment
Kono project in the world renowned Koidu diamond field
51% interest with JV partner Mano River Resources (49%)
Fissure strike length may exceed strike length of Petra’s South African fissure mines
Potential to yield high grades – indicated by both Mano and Petra sampling
Diamond recovery commenced June ’06 – 443 diamonds (43.03 carats) recovered to date from shaft sinking
Sierra Leone - Kono project – future developments

- Shaft sinking underway – long term potential 100,000 carats
- Fissure widths of up to 1.7m exposed
- Exceptional mineral probing results
- Experienced management from the Petra’s SA operations on the ground
- Area around the fissures unexplored – likelihood of further discoveries
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Share analysis

Share graph

**Major shareholders (25.01.07) %**

- Institutions: 54.9%
- Saad: 20.1%
- Al Rajhi: 7.7%
- Management: 7.6%
- Star Mining: 6.0%
- BHP Billiton: 2.7%
- Carminda: 1.0%

**Broker research**

- Collins Stewart: £1.74
- Hargreave Hale: £1.58
- RBC Capital Markets: £1.85

Source: Reuters - as at 25 Jan. 2007
Angola – Alto Cuilo is a world-class asset, partnered with BHP Billiton and set to move rapidly up the value curve; Xceldiam co-operation agreement consolidates Angolan interests

Even without Alto Cuilo ….

Botswana – the world’s number one address for diamonds, and the largest holder of land under diamond prospecting licence

Sierra Leone – the leading expert in fissure mining with diamond production having commenced in June ’06

South Africa – the leader in fissure mining, with three mines in production, cashflow positive; management also well versed in full scale underground kimberlite mining; acquisition of Koffiefontein adds significant production and revenue

Beneficiation – acquisition of Calibrated Diamonds gives significant potential for revenue upside

Corporate – US$19m treasury and strong management
Thank you

For further information visit: www.petradiamonds.com