28 February 2012 LSE: PDL

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

Interim results for the six months to 31 December 2011

Petra Diamonds Limited announces its interim results (unaudited) for the six months to 31 December 2011 ("the Period" or "H1 FY 2012"), following the publication of the Company's production and sales Trading Update on 1 February 2012.

HIGHLIGHTS

Financial

- Revenue[1] up 13% to US$101.4 million (H1 FY 2011: US$90.0 million)
- Profit from mining activity[1 & 2] up 25% to US$30.7 million (H1 FY 2011: US$24.5 million)
- Operating cashflow: US$3.6 million outflow (H1 FY 2011: US$11.9 million inflow); outflow due to large closing diamond stock levels of US$38.1 million at Period end
- Adjusted EBITDA[3] up 24% to US$25.0 million (H1 FY 2011: US$20.2 million)
- Loss after tax: US$26.7 million (H1 FY 2011: US$24.5 million profit), affected by unrealised foreign exchange losses of US$35.7 million, of which circa US$16 million have reversed since Period end due to the strengthening of the Rand (using a rate of R/US$7.65)
- Adjusted profit after tax before unrealised foreign exchange losses and non-recurring transaction costs (Main Market step-up and Finsch acquisition): US$11.8 million (H1 FY 2011: US$3.6 million)
- EPS: (5.23) cents[6] (H1 FY 2011: 6.79 cents); adjusted EPS before unrealised foreign exchange movements and non-recurring transaction costs: 2.46 cents[7] (H1 FY 2011: 0.86 cents)
- Cash at bank at Period end[8]: US$45.1 million (H1 FY 2011: US$20.8 million)
- Diamond inventory at Period end: US$38.1 million (H1 FY 2011: US$20.2 million)

Operations

- Production up 64% to 953,553 carats (H1 FY 2011: 582,102 carats)
- Cash operating unit costs remained largely flat and well controlled despite inflationary pressures
- Capital expenditure ("capex") of US$56.7 million (H1 FY 2011: US$47.7 million), in line with capital expansion programmes in place across the Group

Exploration

- Petra's exploration programme in Botswana continues, with a focus on further evaluating recent discoveries
- Encouraging ongoing exploration results from kimberlite KX36, Kukama East project area

Corporate

- Step-up from AIM to the Main Market of the London Stock Exchange on 21 December 2011; Petra expected to enter the FTSE 250 index in March 2012
- Petra to increase its interests in its various South African operations by way of acquiring a 49.24% effective interest in its main BEE partner Sedibeng Mining (Pty) Limited
- Appointment of Dr Patrick Bartlett and Gordon Hamilton as independent Non-Executive Directors
- Completion of Finsch acquisition for R1.425 billion (ca. US$192 million)
- US$48 million debt facilities put in place with Rand Merchant Bank ("RMB")

Health and Safety

- Group lost time injury frequency rate ("LTIFR") of 0.91 (H1 FY 2011: 0.64)
- Regrettably a fatality occurred at Kimberley Underground on 22 January 2012
- Petra is striving for zero harm across all its operations

Outlook

- Strong production outlook for H2 FY 2012, expected to be significantly higher than H1, mainly due to inclusion of Finsch production for the full six month period
- Carat sales expected to be substantially higher than H1 due to larger than normal diamond stock at 31 December 2011 (as highlighted in the recent Trading Update) and increased Finsch production contribution as noted above
- Assuming no material softening in diamond prices, the Company therefore expects considerably higher revenues for H2 FY 2012
- Petra saw stabilisation in rough diamond prices in late H1 FY 2012 , followed by a slight strengthening in prices early in H2, and expects the stabilisation trend to continue for the remainder of FY 2012

Johan Dippenaar, CEO of Petra, commented:
"The first half of the year saw Petra consolidate its position as one of the world's largest quoted diamond miners, with the completion of the acquisition of the Finsch mine, as well as the successful move from AIM to the Main Market of the London Stock Exchange. The second half of our 2012 financial year will see significantly higher production and sales, set against a more stable diamond market. We remain on target to deliver on our stated growth strategy."

Analyst presentation and webcast
A presentation for analysts will be held at 9:30 a.m. GMT on 28 February 2012 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://mediaserve.buchanan.uk.com/2012/petra280212/registration.asp. A recording of this will be available from 11:30 a.m. GMT on 28 February 2012 on the website and on the same link.

SUMMARY OF RESULTS (unaudited)

	6 months to 31 December 2011 US$ million	6 months to 31 December 2010 US$ million	Year ended 30 June 2011 US$ million
Revenue[1]	**101.4**	90.0	220.6
Mining and processing costs	**(72.1)**	(66.8)	(146.9)
Other direct income	**1.4**	1.3	2.7
Profit from mining activity[1 & 2]	**30.7**	**24.5**	**76.4**
Exploration expense	(0.8)	(0.4)	(1.3)
Corporate overhead	(4.9)	(3.9)	(8.0)
Adjusted EBITDA[3]	**25.0**	**20.2**	**67.1**
Transaction costs	(2.7)	-	-
Net impairment charges and reversals	-	-	6.5
Depreciation	(18.7)	(10.1)	(22.4)
Share based payment expense	(0.6)	(1.0)	(1.9)
Net unrealised foreign exchange (loss) / gain[4]	(35.7)	20.9	18.6
Net finance income / (expense)[5]	0.9	(3.2)	(3.5)
Tax credit / (expense)	5.1	(2.3)	(5.2)
Net (loss) / profit after tax – Group	**(26.7)**	**24.5**	**59.2**
Basic (loss) / earnings per share – US$ cents[6]	**(5.23)**	**6.79**	**12.83**
Diluted (loss) / earnings per share – US$ cents[6]	(5.23)	6.48	12.35
Adjusted basic earnings per share – US$ cents[7]	**2.46**	**0.86**	**8.41**
Diluted adjusted earnings per share – US$ cents[7]	2.39	0.82	8.09
Cash at bank[8]	**45.1**	**20.8**	**324.9**

Notes:

1. Revenue and profit from mining activity only includes Finsch from 14 September when the acquisition closed.
2. Stated before net impairment charges and reversals, depreciation, share based expense, interest paid, foreign exchange gains and losses and transaction costs (admission to Main Market and the Finsch acquisition).
3. EBITDA disclosures are "adjusted EBITDA", being stated before net impairment charges and reversals, share based expense, foreign exchange gains and losses and non-recurring transaction costs.
4. Net unrealised foreign exchange losses comprise unrealised foreign exchange gains of US$8.2 million (30 June 2011: US$34.1 million, and 31 December 2010: US$24.9 million) and unrealised foreign exchange losses of US$43.9 million (30 June 2011: US$15.5 million, and 31 December 2010: US$4.0 million) per note 7.
5. Net finance income of US$0.9 million (30 June 2011: US$3.5 million expense, and 31 December 2010: US$3.2 million expense) is comprised of the remaining income and expenses as disclosed in note 8.
6. Stated after non-controlling interests (representing BEE partners' interests within the Group) of US$0.5 million loss (30 June 2011: US$6.0 million profit, and 31 December 2010: US$0.6 million profit). Refer note 13.
7. Stated after non-controlling interests (representing BEE partners' interests within the Group) of US$0.5 million loss (30 June 2011: US$6.0 million profit, and 31 December 2010: US$0.6 million profit), unrealised foreign exchange losses and non-recurring transaction costs (Main Market step-up US$2.3 million and Finsch acquisition US$0.4 million). Refer note 14.
8. Cash at bank comprises unrestricted cash and restricted cash balances of US$39.0 million and US$6.1 million (rehabilitation deposits) respectively (30 June 2011: US$96.9 million and US$228.0 million (rehabilitation deposits and escrowed Finsch purchase consideration), and 31 December 2010: US$9.7 million and US$11.1 million (rehabilitation deposits)).

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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 a well-diversified portfolio, with interests in eight producing mines: seven in South Africa (Finsch, Cullinan, Koffiefontein, Kimberley Underground, Helam, Sedibeng and Star) and one in Tanzania (Williamson).

Petra offers an exceptional growth profile, with a core objective to steadily increase annual production to over 5 million carats by FY 2019. The Group has a major resource base in excess of 300 million carats.

Petra conducts all its 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’.

For more information, visit the Company’s website at www.petradiamonds.com.

CEO'S REVIEW

The Period under review recorded two important developments for the Company, namely the completion of the acquisition of the Finsch mine in South Africa, and Petra's step-up from AIM to the Main Market of the London Stock Exchange.

Finsch is a long-life, major diamond producer which, together with the Cullinan mine, forms the bedrock of Petra's future production growth. The takeover of the mine, in September 2011, went smoothly and operational results have been in line and, in certain cases, exceeded our initial expectations. Production from Finsch is expected to surpass 1 million carats in FY 2012, an excellent achievement in Petra's first year of operation of this mine.

In line with Petra's position as a leading independent diamond producer, Petra's step up in December 2011 (with a premium listing) to the Main Market of the London Stock Exchange underscores the Company's transformation from a junior diamond exploration company to London's largest quoted diamond mining group. The Main Market is the appropriate platform for the Company's continued growth, allowing a broader range of investors seeking direct exposure to the positive long term fundamentals of the diamond market to invest in Petra.

Diamond Market

Lower average rough diamond prices were recorded for the Period, in line with the weaker rough diamond market, following on from the prevailing climate of global economic uncertainty. Petra noted, however, that the market stabilised in November 2011 and the Company expects this trend to continue after prices strengthened slightly at the Company's first tender of H2 FY 2012, which was completed in early February. Feedback from the Company's client base is generally positive concerning current global demand for rough diamonds; whilst uncertainty may continue in the first half of calendar 2012, there is an expectation that demand will pick up in the second half of this year.

Though prices were weaker in the second half of calendar 2011, it was a positive year on the demand side with global consumer demand growth estimated by De Beers at between 11% and 13%. De Beers also commented recently at the time of its 2011 financial results that the US market grew by around 8% in 2011, whilst China and India continued their strong growth of around 30% and between 10% and 15% respectively. Demand growth in emerging markets such as China and India is being driven by the emergence of a new 'middle class' of consumer and the increasing trend to give diamond engagement rings.

The long term fundamentals of the industry remain compelling; whilst supply is forecast to remain flat/decline, demand is expected to continue to rise in both established and new markets. Global economic conditions may cause some volatility in rough diamond pricing, but the growth in demand from Asia and other emerging markets lessens the reliance on the major US market.

Increase in effective interests in South African operations

The Company has entered into an agreement with Sirius Resources Fund 1 Limited ("Sirius"), an offshore resources investment fund, to acquire its 49.24% interest in Nelesco 651 (Pty) Ltd ("Nelesco"). Nelesco owns 100% of the shares of Sedibeng Mining (Pty) Ltd ("Sedibeng Mining"); this shareholding is the sole asset of Nelesco. Sedibeng Mining is one of Petra's South African empowerment partners, with varying interests in all of Petra's South African operations. The agreement with Sirius would therefore, on completion, increase Petra's effective interest in each of its South African operations as set out below.

Mine	Sedibeng Mining's interest (%)	Increase in Petra's effective interest (%)	Petra's new total effective interest (post transaction) (%)
Cullinan	6.16	3.03	77.03
Finsch	17.01	8.38	82.38
Koffiefontein	15.0	7.39	81.39
Kimberley Underground	26.0	12.80	86.80
Helam	26.0	12.80	86.80
Sedibeng JV	17.85	8.79	83.29
Star	26	12.80	86.80

The total consideration payable by Petra for the acquisition of the 49.24% holding in Nelesco is US$17.8 million. Other than its BEE participation shareholding in each of Petra's South African operations, Sedibeng Mining is also due an amount in respect of the sale of a non-diamond related business, the majority of which is expected to be received in the near future.

To date, the Company has paid US$16 million to Sirius in respect to this agreement (refer note 12). There are no regulatory or other approvals required to complete the transaction; it is expected that the agreement will complete in the near future and the balance of the consideration of US$1.8 million will be paid by the Company.

FINANCIAL RESULTS

Revenue

Revenue was up 13% on H1 FY 2011 due to increased production, offset by the weakening in rough diamond prices experienced since July 2011 following on from the prevailing climate of global economic uncertainty led by the Eurozone sovereign debt crisis. As announced on 15 December 2011 (in connection with the Company's step-up to the Main Market of the London Stock Exchange), the weakening in rough diamond prices from July 2011 to December 2011 resulted in Petra's gross revenues being approximately US$23.0 million (management estimate) lower than management's expectations for H1 FY 2012.

It is important to note that both production and sales are expected to be substantially higher in H2, due to a full six months' contribution from Finsch and the release of unusually high Group closing H1 inventory into H2 sales.

The Company's first tender for H2 FY 2012 was concluded in early February and revenues of US$44.4 million were achieved on the sale of 306,149 carats (the Company does not provide detailed tender results on a tender by tender basis). In H1 the Company held three sales tenders, whist in H2 five tenders are scheduled, again supporting management's confidence in substantially higher H2 revenues.

Mining and processing costs

Gross mining and processing costs (before depreciation) for the South African operations increased in Rand terms by approximately 19% due to the contribution of Finsch towards these costs, partially offset by a weakening Rand to effect an 8% increase in US Dollar terms (including Finsch).

With Petra's operations (and associated costs) mainly in South Africa, the substantial weakening of the South African Rand against the US Dollar since July 2011 significantly reduced Petra's operating costs in US Dollar reported terms as compared to previous expectations. In the Period under review, the Rand traded in a range of R6.67/US$1 and R8.53/US$1, averaging R7.60 (H1 FY 2011: R6.60/US$1 and R7.72/US$1, averaging R7.09).

Petra maintains its focus on cost control across the operations, as evidenced by the unit cost results for the Period (covered on a mine by mine basis below).

Mining profit
A profit on mining activity of US$30.7 million was recorded for the Period, against a profit of US$24.5 million for H1 FY 2011, reflecting the introduction of Finsch into the Group from 14 September 2011 and the continuing improvement of the mines' performance under Petra management – all in turn significantly mitigated by the weaker diamond prices.

Exploration
Petra maintained its highly focused and cost-effective exploration programme in Botswana. The exploration expenditure for the Period of US$0.8 million (H1 FY 2011: US$0.4 million) reflected Petra's increased efforts to evaluate recent discoveries with a view to further developing the potentially economic orebodies. Please refer to the exploration section of this report for details.

Corporate overheads
Corporate overheads increased to US$4.9 million for the Period (H1 FY 2011: US$3.9 million), appropriately reflecting the increasing size of the Group. Tight control of these costs is of key importance to management, in line with the broader cost control procedures in place across the Group.

Transaction costs
Transaction costs incorporate the professional fees and expenses associated with the Main Market step-up (US$2.3 million) and professional fees for the Finsch acquisition (US$0.4 million).

Net unrealised foreign exchange loss
During the Period, the Group incurred net unrealised foreign exchange losses of US$35.7 million (H1 FY 2011: US$20.9 million gain), the majority of which are due to unrealised foreign exchange movements on the retranslation of foreign subsidiary intercompany loans to US$ as a result of the significant movement in R/US$ rate from R6.84 at the start of the Period to close at R8.13 at the end of the Period. Approximately US$16 million of these losses have reversed since Period end, based on an exchange rate assumption of R/US$7.65.

Net finance income
The Group generated net finance income of US$0.9 million (H1 FY 2011: US$3.2 million net finance cost), being interest received on cash balances, interest receivable from the BEE partners' loans and foreign exchange gains. This was partially offset by interest payable on the IFC / RMB debt facilities and the Group's working capital facility, interest accretion on the Al Rajhi Holdings W.L.L. ("Al Rajhi") deferred consideration, and the unwinding of the present value adjustment for rehabilitation costs.

Group loss / profit
A net loss after tax of US$26.7 million was recorded for the year (H1 FY 2011: profit of US$24.5 million). These results were significantly impacted by the non-cash, unrealised loss on exchange noted above.

Cash and debt
As at 31 December 2011, Petra had cash in hand of US$45.1 million and diamond inventories of approximately US$38.1 million (all of which were sold in the first tender of H2 FY 2012). Of the cash balance at Period end, US$6.1 million is held by Petra's bankers as security for environmental rehabilitation bonds lodged by the bankers with the DMR; the balance of US$39.0 million is unrestricted cash.

Loans and borrowings at the Period end were US$67.9 million, being US$70.5 million drawn-down on the IFC / RMB facilities (net of a US$2.6 million adjustment in accordance with IAS32 and IAS39 for the accounting treatment of facility fees and warrant costs associated with the IFC / RMB facilities). The gross balance of the IFC / RMB debt facilities of US$7.5 million is available for draw-down by the Company until November 2012. Repayment of capital is by way of eight semi-annual payments commencing in November 2012. The interest rates on the facilities are IFC US$ loan – six month US$ LIBOR plus 4.5% margin; RMB ZAR loan – three month JIBAR plus 4.5% margin.

On 1 December Petra announced that it had put in place debt facilities of US$48 million with RMB, secured around the Finsch diamond mine ("Finsch"). The facilities comprise a revolving credit facility of US$36 million and a working credit facility of US$12 million, providing increased flexibility around working capital requirements at Finsch and greater financial flexibility within the Group as it rolls out its capital expansion plans. At Period end, both these facilities had nil balances, with the revolving credit facility being undrawn.

Of the deferred Cullinan consideration due to Al Rajhi, US$14 million was settled on the due date in December 2011 and the parties agreed that an amount of US$6 million be deferred until 31 March 2012. The outstanding consideration of US$6 million carries an interest rate of 7% from 1 January 2012 (no interest prior to 31 December 2011).

Other than trade payables of US$23.9 million and US$6 million due to Al Rajhi, 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 Cullinan and Finsch, employee related provisions and deferred tax.

Cashflow
The net cash utilised by the Group in operating activities for the Period was US$3.6 million (H1 FY 2011: US$11.9 million cash generated). Cash generation from operations was impacted by a US$23 million net increase in working capital, mainly related to inventory lock-up. The Company expects operating cashflow to strengthen significantly in H2 FY 2012, in line with the improvement in diamond prices, release of half year inventories and production contribution for the second half.

Earnings per share
The basic loss per share of US$ cents 5.23 and movement compared to prior period (H1 FY 2011: US$ cents 6.79 profit) was largely due to the significant unrealised foreign exchange loss of US$35.7 million (H1 FY 2011: US$20.9 million gain) as noted above.

The adjusted basic earnings per share was US$ cents 2.46 (H1 FY 2011: US$ cents 0.86), after adding back for the effect of the unrealised foreign exchange losses and non-recurring transaction costs.

OPERATIONS

Petra provided an operational update in its Trading Update announced on 1 February 2012. A summary of this review is below and new information is included where appropriate.

Combined operations (all on a gross basis):

	Unit	**6 months ended 31 December 2011 ("H1 FY 2012")**	**6 months ended 30 June 2011 ("H2 FY 2011")**	**6 months ended 31 December 2010 ("H1 FY 2011")**
Production				
ROM[1] diamonds	Carats	817,161	493,698	533,912
Tailings & alluvial diamonds	Carats	136,392	41,996	48,190
Total diamonds	Carats	953,553	535,694	582,102
Sales				
Revenue	US$M	101.4	130.6	90.0
Diamonds sold	Carats	678,772	590,590	584,234

[1] ROM - run of mine (excludes tailings and alluvials)

Production was up 64% on H1 FY 2011 to 953,553 carats, the increase being mainly due to the completion of the Finsch acquisition in September 2011 and production coming on stream immediately thereafter.

The Company's production target for FY 2012 is over 2 million carats (in line with previous expectations). Production is expected to increase significantly in H2 due to a full six months' contribution from Finsch (versus circa three and a half months in H1), a further build-up of production at Kimberley Underground and the commencement of production at the rebuilt Williamson plant.

There is a sizeable difference between the number of carats produced and carats sold (circa 275,000 carats) for the Period (significantly affecting sales) due to:

- Finsch closing stock of circa 195,000 carats (as the acquisition completed during the Period there was no opening stock); and
- the early sales cycle cut-off for all the South African mines due to the December holiday period, which meant that closing stock was on average higher than June 2011.

The Company expects a significant carat sales increase for H2 mainly due to increased production as noted above and the net release of circa 100,000 carats closing stock (end H1 versus end H2).

It should also be noted that the number of carats sold in H1 FY 2011 was unusually high due to the high inventory levels in June 2010 caused by the disruption to tender sales timings during the FIFA World Cup period in South Africa.

Capex across the operations for the Period was US$56.7 million (US$47.7 million for H1 FY 2011), reflecting the acceleration of the Company's development programmes. This spend includes US$8.4 million incurred at the projects division which will be allocated to specific operations on completion.

Cullinan – South Africa
(Petra 74% / BEE Partners 26%)

	Unit	6 months ended 31 December 2011	6 months ended 30 June 2011	6 months ended 31 December 2010
ROM Production				
Tonnes treated	Tonnes	1,225,117	1,136,345	1,187,058
Diamonds produced	Carats	426,757	411,204	439,989
Grade	Cpht[1]	34.8	36.2	37.1
Tailings Production				
Tonnes treated	Tonnes	370,344	312,513	263,092
Diamonds produced	Carats	17,283	16,179	28,067
Grade	Cpht[1]	4.7	5.2	10.7
Total Production				
Tonnes treated	Tonnes	1,595,461	1,448,858	1,450,150
Diamonds produced	Carats	444,040	427,382	468,056
Sales				
Revenue	US$M	48.6	82.4	57.8
Diamonds sold	Carats	379,894	463,355	481,049
Average price per carat	US$	128	178	120
Costs				
On-mine cost per tonne	ZAR	173	166	162
Total Capex	US$M	21.1	21.0	12.9

[1] Cpht - carats per hundred tonnes

Production:
Cullinan performed well in terms of throughput, with ROM tonnages mined from underground increasing by 3% versus H1 FY 2011. ROM grade of 34.8 cpht was slightly lower than previous guidance of 36.0 cpht. Grade for the two months to the end of August temporarily ran below expectations but, following an upgrade of equipment in the final recovery processing plant, ROM grades returned to expected levels for the four months to the end of December.

Although tailings throughput increased significantly during the Period, tailings grades declined to 4.7 cpht further to a delay in the introduction of the re-crush section into the operation (due to a crusher failure); the re-crush section is expected to be brought into operation during Q3 FY 2012. The tailings resource grade is 10 cpht, which the Company expects to achieve, albeit with some fluctuations between reporting periods (as is usual for a tailings operation).

Continuing optimisation work on the main Cullinan treatment plant has resulted in additional treatment capacity, which will be utilised to treat tailings material and assist in meeting Petra's targeted tailings throughput.

Sales:
At Cullinan, both revenue and carats sold declined when compared to H1 FY 2011. Volumes sold during H1 FY 2011 were inflated as a result of higher than usual inventory levels at June 2010, due to the 2010 FIFA World Cup, and volumes for H1 FY 2012 were affected by the earlier sales cut off for the December 2011 holiday season, as explained above.

The average value per carat for the Period reduced to US$128 due to the weakening in average rough prices and a slightly lower incidence of 'special' stones for the Period. However, the Cullinan mine is renowned as the world's only reliable source of blue diamonds and during the Period Petra sold an exceptional 4.8 carat blue diamond for US$1.45 million, or US$301,300 per carat, being the highest amount achieved on a per carat basis for any rough diamond sold by the Company to date.

Costs:
Unit cash operating costs at Cullinan of R173 per tonne were kept in line with South African inflation despite above inflationary increases in both electricity and labour costs. A reduction in unit costs is expected during the next six months due to increased tailings production.

Capex:
Capex amounted to US$21.1 million for the Period. The pace of capital spend will pick up significantly during H2 FY 2012 as work on the shaft deepening commences, following the award of the shaft deepening contract to Murray & Roberts Cementation. This increased capex spend is fully funded from operational cashflows and existing treasury / debt facilities.

Development Programme:
Petra's underground development programme is progressing well and is on track to access the new block cave (being the first portion of the 'C-Cut' Resource) from FY 2015, which is planned to produce at a rate of 2.0 million carats per annum ("Mctpa"). As previously reported, ROM grade at Cullinan will remain a challenge whilst production continues to be from the mature areas of the mine (due to the significant dilution of the ore drawn in these older production zones). However the grade is expected to increase substantially, to circa 50 cpht, once the new cave is established and undiluted ore is mined and treated.

Development work on the south decline during the Period focused on the ground handling infrastructure to support the ongoing development programme. The addition of a decline on the northern side of the Cullinan orebody, which has the potential to fast-track the kimberlite development of the new block cave, has been approved and development work on this new decline will commence during H2 FY 2012.

Production from underground will be augmented by a major tailings operation at Cullinan, where there is a substantial tailings resource of 165 million tonnes (“Mt”) estimated to contain 16.5 million carats. Construction of the new modular tailings plant is progressing well and the Company is on track to gradually increase its tailings treatment capacity to circa 4 Mt to deliver 400,000 carats per annum (“ctpa”) from FY 2014.

Finsch – South Africa
(Petra 74% / BEE Partners 26%)

	Unit	6 months ended 31 December 2011	6 months ended 30 June 2011[1]	6 months ended 31 December 2010[1]
ROM Production				
Tonnes treated	Tonnes	790,715	n/a	n/a
Diamonds produced	Carats	305,215	n/a	n/a
Grade	Cpht	38.6	n/a	n/a
Tailings Production				
Tonnes treated	Tonnes	642,090	n/a	n/a
Diamonds produced	Carats	109,348	n/a	n/a
Grade	Cpht	17.0	n/a	n/a
Total Production				
Tonnes treated	Tonnes	1,432,805	n/a	n/a
Diamonds produced	Carats	414,563	n/a	n/a
Sales				
Revenue	US$M	28.3	n/a	n/a
Diamonds sold	Carats	219,408	n/a	n/a
Average price per carat	US$	129	n/a	n/a
Costs				
On-mine cost per tonne	ZAR	138	n/a	n/a
Total Capex	US$M	1.4	n/a	n/a

[1] The acquisition of Finsch completed on 14 September 2011 and therefore there are no results prior to this time

Production:
The successful integration of Finsch into the Group (following completion of the mine acquisition on 14 September 2011) resulted in production of 414,563 carats for the Period, ahead of management’s original projections. Production at Finsch is expected to exceed 1 million carats in FY 2012, an excellent achievement in Petra’s first nine months operating this mine.

Both tonnages mined and grades achieved from underground production in Block 4 (at the 630 metre level) exceeded management’s original projections. The ROM grade achieved was circa 38.6 cpht (the Company is not able to measure the ROM grade on a standalone basis as the plant at Finsch processes a blend of ROM and tailings ore, so this is a back calculated grade). At this early stage, management deems it appropriate to retain a forecast grade of 33 cpht in its medium term business planning. Longer term grades of around 47 cpht are expected to be achieved once the Finsch expansion programme has been executed and the new Block 5 cave is operational, providing access to undiluted ore.

The tailings operation is running smoothly and made a 26% contribution to total carat production.

Sales:
The average value per carat achieved at Finsch of US$129 was lower than management’s previous expectations of US$155 (being a weighted average of both ROM and tailings) due to the

weaker diamond market experienced during the Period. In the medium term, the Company remains confident that its price assumptions of US$180 per carat ROM and US$95 per carat tailings are realistic and achievable.

Costs:
The weighted average unit operating costs of R138 per tonne at Finsch are in line with management's previous expectations.

Capex:
Capex of US$1.4 million for the Period mainly entailed investment in mining and development equipment. The capital spend will increase with the start-up of the expansion project and associated underground development in H2 FY 2012.

Development Programme:
Petra is implementing an expansion programme to lift production from 1.5 Mctpa to a steady state production of nearly 2 Mctpa (combined ROM and tailings) by FY 2018. Block cave mining is currently taking place in Block 4 of the Finsch orebody at a depth of 630 metres. Block 4 will come to the end of its economic life in FY 2014 and Petra is therefore implementing a development plan to open up a new Block 5, 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 developing an intermediate level sub-level cave across approximately two thirds of the footprint of Block 5. By so doing, Petra expects to maintain underground production levels at approximately 3.2 Mtpa, with access to undiluted ore yielding improved grades (estimated to be 47 cpht), ramping up to around 3.5 Mtpa by FY 2018 once the Block 5 cave is fully operational.

Underground production is supplemented by tailings retreatment. Finsch is currently treating the pre-1979 TMR (tailings from mining operations pre-1979). The pre-1979 TMR is expected to be treated at a rate of approximately 3.5 Mtpa until depleted in FY 2015. Thereafter, the post-1979 TD (tailings from mining operations post-1979), which carry a lower grade of approximately 10 cpht, remain available for treatment. It is expected that tailings production will cease in FY 2020.

Koffiefontein – South Africa
(Petra 74% / BEE Partners 26%)

	Unit	6 months ended 31 December 2011	6 months ended 30 June 2011	6 months ended 31 December 2010
ROM Production				
Tonnes treated	Tonnes	285,466	249,136	463,852
Diamonds produced	Carats	14,364	7,749	27,390
Grade	Cpht	5.1	3.1	5.9
Tailings Production				
Tonnes treated	Tonnes	474,124	336,553	338,594
Diamonds produced	Carats	7,174	5,707	7,110
Grade	Cpht	1.5	1.7	2.1
Total Production				
Tonnes treated	Tonnes	759,590	585,689	802,446
Diamonds produced	Carats	21,538	13,456	34,500
Sales				
Revenue	US$M	6.5	13.6	17.2
Diamonds sold	Carats	15,196	17,971	36,669
Average price per carat	US$	426	756	470

Costs				
On-mine cost per tonne	ZAR	118	127	103
Total Capex	US$M	4.8	6.8	4.2

Production:
Underground ROM operations continued as expected, with production constrained due to limited access to undiluted ore. ROM grades for the Period improved due to increased production from the higher grade 52 Level, but waste ingress / dilution continues to affect ROM grade at Koffiefontein.

Grades at the tailings operation were lower than anticipated and tonnages from the satellite open pit Ebenhaezer pipe were therefore used to supplement the Koffiefontein plant capacity. Total throughput increased over H2 FY 2011, but was lower than planned as throughput was constrained due to the additional crushing required to treat the Ebenhaezer material.

Sales:
Carats sold declined when compared to H1 FY 2011, due to volumes sold being also affected by the timing of the FIFA World Cup (as at Cullinan); the average value per carat was down, in line with market conditions. In terms of notable specials, a six carat pink diamond from Koffiefontein was sold during the Period for US$601,000, illustrating the exceptional fancy pinks that this mine can produce.

Costs:
Increased production from the lower-cost Ebenhaezer open pit saw cash operating unit costs of R118 per tonne remain relatively flat, despite production constraints and cost pressures associated with electricity and labour increases.

Capex:
Capex for the Period of US$4.8 million was primarily focused on underground development and purchasing of plant, mining and surface equipment.

Development Programme:
Extensive stress modelling simulations have indicated that the planned front cave at the 580 metre level be changed to a sub-level cave mining method between the 560 metre and 600 metre elevations. It is expected that this plan will be executed within the original timetable and capex forecasts, with annual production expected to reach 1 Mtpa in approximately three years and reach 1.2 Mtpa in approximately five years, delivering over 100,000 carats per annum (ROM and tailings) by FY 2017.

As at Cullinan and Finsch, Petra's development plan at Koffiefontein will establish new production levels where the Company will eventually have access to undiluted ore. Once this has been achieved, Petra expects the overall ROM grade at Koffiefontein to improve to circa 8 cpht, but it is expected that lower ROM grades could be reported until FY 2014.

Kimberley Underground – South Africa
(Petra 74% / BEE Partners 26%)

	Unit	6 months ended 31 December 2011	6 months ended 30 June 2011	6 months ended 31 December 2010
Total Production (all ROM)				
Tonnes treated	Tonnes	287,187	267,128	176,527
Diamonds produced	Carats	34,751	32,414	24,988
Grade	Cpht	12.1	12.1	14.2

Sales				
Revenue	US$M	8.1	13.3	4.9
Diamonds sold	Carats	26,395	37,462	17,271
Average price per carat	US$	308	355	285
Costs				
On-mine cost per tonne	ZAR	208	158	223
Total Capex (excludes projects)	US$M	2.5	10.9	2.1

Production:
The Kimberley Underground operation comprises three kimberlite pipe mines: Bultfontein and Dutoitspan (serviced by Joint Shaft and the newly built Joint Shaft plant) and Wesselton (serviced by the Wesselton Shaft, but without a processing facility until a temporary pan plant was commissioned in H1 FY 2012).

At Joint Shaft, underground mining operations continued as per Petra's mine plan, but throughput constraints within the plant continued. The introduction of a scrubber into the processing circuit (to deal with the high percentage of fines material inherent in the Bultfontein and Dutoitspan ROM ore), together with the introduction of an apron feeder to handle material with a high level of mud content, is expected to be completed in Q3. It is anticipated that this will address the bottleneck at the Joint Shaft treatment plant by ensuring adequate fines removal and increased throughput. By utilising the ROM stockpile, further built up over the Period and estimated to be 0.4 Mt in size, Petra is seeking to make-up some of the lower production of H1 by processing increased tonnages once the plant throughput issues have been overcome.

At Wesselton, a substantial stockpile of ore, also estimated to be 0.4 Mt, was built up at surface while no processing facility was available. As per Petra's previously announced revised business plan, a mobile pan plant was commissioned at Wesselton during the Period. However, this temporary plant, which is supplied and operated by an external contractor, has not yet delivered the envisaged throughput levels of 40,000 tonnes per month due to liberation issues relating to sub-optimal crushing, which have impacted grade and throughput. Whilst the mobile pan plant is a cost effective, temporary solution, Petra's main focus at Wesselton is the construction of a new main plant which is expected to be commissioned during Q4 FY 2012.

Sales:
Increased production compared to H1 FY 2011 led to increased sale volumes when measured against the comparative period. The average value per carat was adversely impacted upon by market conditions, although an increase over the six month period to 31 December 2010 was achieved.

Costs:
Unit costs of R208 per tonne were affected by an increase in fixed costs without a compensating increase in production as planned. An increase in production in H2 FY 2012 should see a decline in unit costs closer to expected levels.

Capex:
The majority of capex for the Period related to the construction of the main plant at Wesselton and underground development. Over and above the on-mine capex stated in the table above, a further US$7.4 million was incurred during the Period at Petra's projects division (based at the Helam mine) for the construction of the main plant. This expenditure will be transferred to Kimberley Underground on commencement of the final commissioning phases of the plant during Q4 FY 2012.

Development Programme:
Petra's mine plan at Kimberley Underground is expected to see production rise from approximately 57,000 carats in FY 2011 to an annual average steady state of approximately 120,000 carats per annum by FY 2013.

Fissure Mines – South Africa
(Helam: Petra 74% / BEE Partners 26%; Star: Petra 74% / BEE Partners 26%; Sedibeng: Petra 74.5% / BEE Partners 25.5%)

	Unit	6 months ended 31 December 2011	6 months ended 30 June 2011	6 months ended 31 December 2010
ROM Production				
Tonnes treated	Tonnes	92,031	92,026	91,480
Diamonds produced	Carats	36,074	42,331	41,545
Grade	Cpht	39.2	46.0	45.4
Tailings Production				
Tonnes treated	Tonnes	-	22,503	29,886
Diamonds produced	Carats	-	1,448	2,166
Grade	Cpht	-	6.4	7.2
Total Production				
Tonnes treated	Tonnes	92,031	114,530	121,366
Diamonds produced	Carats	36,074	43,779	43,710
Grade	Cpht	39.2	38.2	36.0
Sales				
Revenue	US$M	8.4	13.9	7.9
Diamonds sold	Carats	32,835	47,969	41,522
Average price per carat	US$	255	289	192
Costs				
On-mine cost per tonne	ZAR	1,013	748	619
Total Capex	US$M	1.6	0.6	4.6

Production:
It was a difficult operational period for the Fissure Mines, marked by various Department of Mineral Resources work stoppages and a major winder repair at Helam which adversely impacted production. The average fissure grade was affected due to a reduced contribution from the higher grade Helam mine. Due to the nature of mining at the lower tonnage Fissure Mines, there is less flexibility in terms of making up lost production.

Costs:
The high fixed cost base of the Fissure Mines, coupled with above inflation wage and electricity increases and the decrease in production for the Period, led to a significant increase in cash operating unit costs to R1,013 per tonne.

Capex:
Capex of US$1.6 million for the Period was focused mainly on underground development and infrastructure upgrades at Helam's Edward and John Shafts. In addition, project expenditure of US$8.4 million (including the US$7.4 million referred to in the Kimberley Underground section above) was recorded for capital work-in-progress in the Group's projects division based at Helam. On completion of the various projects, these costs will be transferred to the applicable operations.

Development Programme:
Plans to increase production from circa 87,000 carats in FY 2011 to circa 140,000 carats per annum by FY 2015 are being implemented.

Williamson – Tanzania
(Petra 75% / Government of United Republic of Tanzania 25%)

	Unit	6 months ended 31 December 2011	6 months ended 30 June 2011	6 months ended 31 December 2010
ROM Production				
Tonnes treated	Tonnes	n/a	n/a	n/a
Diamonds produced	Carats	n/a	n/a	n/a
Grade	Cpht	n/a	n/a	n/a
Alluvial Production				
Tonnes treated	Tonnes	59,774	276,041	254,648
Diamonds produced	Carats	2,587	18,663	10,847
Grade	Cpht	4.3	6.8	4.3
Total Production				
Tonnes treated	Tonnes	59,774	276,041	254,648
Diamonds produced	Carats	2,587	18,663	10,847
Grade	Cpht	4.3	6.8	4.3
Sales				
Revenue	US$M	1.5	7.5	2.0
Diamonds sold	Carats	5,044	23,833	7,722
Average price per carat	US$	298	314	264
Costs				
On-mine cost per tonne[1]	ZAR	n/a	n/a	n/a
Total Capex	US$M	17.5	20.2	16.4

Note:
1. During FY 2010 the mine was in a bulk sampling phase and in FY 2011 and FY 2012 the mine results represent alluvial and limited tailings production only; neither period reflects conditions associated with normal production

At Williamson, there was no treatment of main pit material whilst the project to rebuild the 3 Mtpa plant was underway. Petra had anticipated lower alluvial production in FY 2012 due to the depletion of available alluvial gravels and the power and water constraints previously reported.

The rebuild of the existing 3 Mtpa plant at Williamson has now been completed and commissioning commenced towards the end of January 2012. Limited throughput is expected to continue during March and the plant should be fully operational from April onwards.

The production down-time at Williamson gave Petra the opportunity to carry out the following projects at the mine:

- further to the power supply issues, as previously reported, generators with a 6 MVA capacity were installed; these are adequate for the continuous operation of the newly refurbished plant, if required;
- preparation of the open pit continued (the ROM stockpile established due to the pit-shaping operations remains the same size at approximately 900,000 tonnes, estimated to contain in excess of 50,000 carats);
- access roads to and around the pit were completed;
- the water reticulation circuit was refurbished to cater for future requirements; and
- the new slimes dam required for the mine expansion was completed.

Development Programme:
As previously announced, electricity supply issues have meant that the Company is revisiting the timing of the longer-term expansion project. The revised timing of the project and construction of a new main plant will be dependent upon the following:

- confirmation of secure electricity supply from the Tanzania Electric Supply Company ("Tanesco");
- the normalisation of rainfall in the country (due to Tanesco's reliance on hydro-electric power generation); and
- treatment results following a six to nine month period of production utilising the rebuilt plant processing facility.

Petra will provide an update on this in due course.

EXPLORATION

Petra's exploration activity remains focused on Botswana, which is considered to be one of the best addresses in the world for diamond exploration, given its stability, its attractive fiscal regime and its superb geological prospectivity. In Botswana, the Company holds diamond prospecting licenses covering approximately 23,250 km^2, all of which is "on craton" (the geological formation known to host economic primary diamond deposits).

Petra continues to operate a highly focused ongoing exploration programme in Botswana, and at present the prime focus is to evaluate recent discoveries with a view to further developing these potentially economic orebodies. Following the relinquishment in late FY 2011 of large tracts of well-explored ground that have come to the end of their seven year licence tenure, the focus of exploration efforts shifted to the Kukama East and Lebu West project areas, where several historical kimberlite indicator mineral recoveries are being targeted.

Kukama East project area – kimberlite KX36
Following positive results obtained from several ground electromagnetic surveys conducted over the diamondiferous kimberlite KX36, four Time Domain Airborne Electromagnetic contractors were approached to supply forward models of their system response, given a particular conductivity model constructed from KX36 geophysical down hole logging results. At Period end, all system responses were received and a decision was taken on both technical and cost considerations to employ Xcalibur's XAGHEM system in the Kukama East project area. Kimberlite response test flying will be carried out in early calendar 2012, prior to Petra committing to a larger semi-regional 400 km^2 survey.

Results of the micro-diamond sampling for KX36 have been received, and they are currently being interpreted and incorporated into the geological modelling. A more detailed announcement will be made on KX36 in the near future once all the information acquired to date has been properly assessed and integrated. KX36 exploration is ongoing and a new drilling campaign is scheduled to commence during April 2012.

Lebu West project area – airborne magnetic survey
A 29,200 line kilometre Xcalibur Airborne Geophysics' horizontal gradient magnetic survey (this magnetic survey system remains Petra's primary exploration tool in clearly defined areas of interest), covering some 2,656 km^2 of the Lebu West project area, was commissioned at the end of the Period and completion of this survey is expected in early calendar 2012.

Kimberlite BK1S - Damtshaa
During the Period, the Company was informed by the Ministry of Minerals, Energy and Water Affairs in Botswana that it had been granted a six months' extension of the prospecting licence covering the area hosting kimberlite BK1S (the 15 - 20% portion of the kimberlite body BK1 that falls outside Debswana's mining lease for the Damtshaa mine and within Petra's prospecting license).

The Company and Debswana are in discussions with regards to the analysis and evaluation of this shared orebody.

HEALTH AND SAFETY

It is with deep regret that Petra experienced a fatality on 22 January 2012, which occurred post Period end at the Kimberley Underground operation. The mine was closed following the incident and a full investigation is being carried out by mine management in conjunction with the South African DMR. Operations at the mine have since recommenced.

The Company and its management team 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 is highly focused on this area. In addition to appropriate risk management processes, Petra has strategies, systems and training in place to promote a safe working environment. The Company seeks to instill a systemic culture of safety and this is the key priority in terms of operational performance.

Petra's LTIFR for the Period was 0.91 (H1 FY 2011: 0.64). The Company's ongoing initiatives will endeavour to lower the LTIFR in line with its policy of zero harm.

Petra produces an in-depth report annually on its sustainable development policies and practices, covering areas such as Health and Safety, Environment, Community and Employment, which can be found on the Petra website at www.petradiamonds.com.

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.

A comprehensive list of the key risks which could affect the Group's operational and financial performance was included in the Company's recent Main Market step-up prospectus published on 15 December 2011, and since this time the principal risks facing the business have not changed. 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 management of the Group closely monitor 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 diamond sales when weakness in the Rand deems it appropriate. Such contracts are generally short term in nature. Management seeks to mitigate other transaction risks by matching assets and liabilities in the same currency and where appropriate hedging material exposure.

OUTLOOK

Petra continues to grow, both operationally and corporately, and we are ready for the next phase in the Company's development as a Main Market quoted company. Our core strategy remains to increase annual production to over 5 million carats by FY 2019, placing the Group in a unique position to capitalise on the positive supply / demand fundamentals of our market.

Johan Dippenaar
CEO
28 February 2012

PETRA DIAMONDS LIMITED
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2011

US$ million	Notes	**(Unaudited) 1 July 2011- 31 December 2011**	(Unaudited) 1 July 2010- 31 December 2010	(Audited) Year ended 30 June 2011
Revenue		**101.4**	90.0	220.6
Mining and processing costs		**(90.8)**	(77.0)	(169.7)
Other direct income		**1.4**	1.3	2.7
Exploration expenditure		**(0.8)**	(0.5)	(1.4)
Corporate expenditure	6	**(8.2)**	(4.7)	(9.4)
Impairment reversal		**-**	-	11.7
Impairment charge		**-**	-	(5.2)
Total costs		**(98.4)**	(80.9)	(171.3)
Financial income		**17.8**	31.2	42.5
Financial expense		**(52.6)**	(13.5)	(27.4)
Net financing (expense) / income	7	**(34.8)**	17.7	15.1
(Loss) / profit before tax		**(31.8)**	26.8	64.4
Income tax credit / (expense)		**5.1**	(2.3)	(5.2)
(Loss) / profit for the period		**(26.7)**	24.5	59.2
Attributable to:				
Equity holders of the parent company		**(26.2)**	23.9	53.2
Non-controlling interest		**(0.5)**	0.6	6.0
		(26.7)	24.5	59.2
(Loss) / profit per share attributable to the equity holders of the parent during the period:				
Basic (loss) / profit per share – US$ cents	13	**(5.2)**	6.79	12.83
Diluted (loss) / profit per share – US$ cents	13	**(5.2)**	6.48	12.35

PETRA DIAMONDS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2011

US$ million	**(Unaudited) 1 July 2011- 31 December 2011**	(Unaudited) 1 July 2010- 31 December 2010	(Audited) Year ended 30 June 2011
(Loss) / profit for the period	**(26.7)**	24.5	59.2
Exchange differences recognised on translation of share-based payment reserve	**0.4**	0.1	0.2
Exchange differences on translation of foreign operations	**(36.1)**	10.8	15.4
Exchange differences on non-controlling interest	**(4.5)**	5.0	4.0
Valuation loss on available for sale financial assets	**(0.2)**	(0.1)	(0.4)
Total comprehensive income and expense for the period	**(67.1)**	40.3	78.4

Total comprehensive income and expense attributable to:			
Equity holders of the parent company	**(62.1)**	34.7	68.4
Non-controlling interest	**(5.0)**	5.6	10.0
	(67.1)	40.3	78.4

PETRA DIAMONDS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2011

(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 2011:									
At 1 July 2011	84.8	645.6	(10.7)	9.7	(0.5)	(61.9)	667.0	32.0	699.0
Loss for the period	-	-	-	-	-	(26.2)	(26.2)	(0.5)	(26.7)
Other comprehensive (expense) / income	-	-	(36.1)	0.4	(0.2)	-	(35.9)	(4.5)	(40.4)
Transfer between reserves for exercise of employee options and third party warrants	-	-	-	(0.4)	-	0.4	-	-	-
Equity settled share based payments	-	-	-	0.6	-	-	0.6	-	0.6
Allotments during the period:									
- Warrants exercised	0.2	1.5	-	-	-	-	1.7	-	1.7
At 31 December 2011	85.0	647.1	(46.8)	10.3	(0.7)	(87.7)	607.2	27.0	634.2

PETRA DIAMONDS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2011

(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 2010:									
At 1 July 2010	61.4	347.5	(26.1)	4.6	(0.1)	(130.0)	257.3	33.6	290.9
Profit for the period	-	-	-	-	-	23.9	23.9	0.6	24.5
Other comprehensive income	-	-	10.8	0.1	(0.1)	-	10.8	5.0	15.8
4% non-controlling interest purchased – Koffiefontein	-	-	-	-	-	0.9	0.9	(1.7)	(0.8)
26% disposal of Helam	-	-	-	-	-	6.0	6.0	(6.0)	-
26% disposal of Star	-	-	-	-	-	3.9	3.9	(3.9)	-
Transfer between reserves for exercise of employee options and third party warrants	-	0.5	-	(0.5)	-	-	-	-	-
Equity settled share based payments	-	-	-	1.0	-	-	1.0	-	1.0
Equity warrants issued	-	-	-	7.7	-	-	7.7	-	7.7
Allotments during the period:									
- Warrants exercised	0.2	1.7	-	-	-	-	1.9	-	1.9
- Share options exercised	0.1	0.3	-	-	-	-	0.4	-	0.4
At 31 December 2010	61.7	350.0	(15.3)	12.9	(0.2)	(95.3)	313.8	27.6	341.4

PETRA DIAMONDS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2011

(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 2011:									
At 1 July 2010	61.4	347.5	(26.1)	4.6	(0.1)	(130.0)	257.3	33.6	290.9
Profit for the year	-	-	-	-	-	53.2	53.2	6.0	59.2
Other comprehensive income	-	-	15.4	0.2	(0.4)	-	15.2	4.0	19.2
4% non-controlling interest purchased – Koffiefontein	-	-	-	-	-	0.9	0.9	(1.7)	(0.8)
26% disposal of Helam	-	-	-	-	-	6.0	6.0	(6.0)	-
26% disposal of Star	-	-	-	-	-	3.9	3.9	(3.9)	-
Transfer between reserves for exercise of options and warrants	-	-	-	(4.1)	-	4.1	-	-	-
Equity settled share based payments	-	-	-	1.9	-	-	1.9	-	1.9
Share based payments cancelled	-	-	-	(0.8)	-	-	(0.8)	-	(0.8)
Equity warrants issued	-	-	-	7.9	-	-	7.9	-	7.9
Allotments during the period:									
- Fund raising	21.7	304.2	-	-	-	-	325.9	-	325.9
- Share options exercised	0.4	1.3	-	-	-	-	1.7	-	1.7
- Warrants exercised	1.3	10.2	-	-	-	-	11.5	-	11.5
Share issue costs	-	(17.6)	-	-	-	-	(17.6)	-	(17.6)
At 30 June 2011	84.8	645.6	(10.7)	9.7	(0.5)	(61.9)	667.0	32.0	699.0

PETRA DIAMONDS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2011

US$ million		**(Unaudited) 31 December 2011**	(Unaudited) 31 December 2010	(Audited) 30 June 2011
ASSETS				
Non-current assets				
Property, plant and equipment	10	**683.6**	449.0	501.4
Available for sale financial assets		**0.2**	0.8	0.4
Loans and other receivables		**84.5**	45.5	51.1
Total non-current assets		**768.3**	495.3	552.9
Current assets				
Inventories		**63.6**	38.9	32.9
Trade and other receivables		**52.1**	26.2	49.8
Derivative financial asset		**-**	-	6.0
Cash and cash equivalents – unrestricted		**39.0**	9.7	96.9
Cash - restricted		**6.1**	11.1	228.0
Total current assets		**160.8**	85.9	413.6
Total assets		**929.1**	581.2	966.5
EQUITY AND LIABILITIES				
Equity				
Share capital		**85.0**	61.7	84.8
Share premium account		**647.1**	350.0	645.6
Foreign currency translation reserve		**(46.8)**	(15.3)	(10.7)
Share-based payment reserve		**10.3**	12.9	9.7
Other reserves		**(0.7)**	(0.2)	(0.5)
Retained loss		**(87.7)**	(95.3)	(61.9)
Attributable to equity holders of the parent company		**607.2**	313.8	667.0
Non-controlling interest		**27.0**	27.6	32.0
Total equity		**634.2**	341.4	699.0
Liabilities				
Non-current liabilities				
Loans and borrowings	8	**67.9**	48.2	71.4
Trade and other payables		**63.5**	27.9	29.0
Provisions		**84.6**	57.3	63.1
Deferred tax liabilities		**30.0**	33.7	37.7
Total non-current liabilities		**246.0**	167.1	201.2
Current liabilities				
Loans and borrowings	8	**6.0**	35.9	18.7
Other current liabilities – firm commitment		**-**	-	6.0
Trade and other payables		**40.7**	33.4	39.4
Current tax payable		**-**	1.2	-
Provisions		**2.2**	2.2	2.2
Total current liabilities		**48.9**	72.7	66.3
Total liabilities		**294.9**	239.8	267.5
Total equity and liabilities		**929.1**	581.2	966.5

PETRA DIAMONDS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2011

US$ million	**(Unaudited) 1 July 2011- 31 December 2011**	(Unaudited) 1 July 2010- 31 December 2010	(Audited) 1 July 2010- 30 June 2011
(Loss) / profit before taxation for the Period	**(31.8)**	26.8	64.4
Depreciation of property plant and equipment - exploration	**-**	-	0.1
Depreciation of property plant and equipment - mining	**18.6**	10.0	22.2
Depreciation of property plant and equipment - other	**0.1**	0.1	0.1
Reversal of impairment	**-**	-	(11.7)
Impairment	**-**	-	5.2
Profit on sale of property plant and equipment	**-**	-	0.3
Increase / (decrease) in provisions	**(0.6)**	-	1.4
Finance income	**(5.4)**	(2.5)	(7.7)
Finance expense	**8.6**	6.4	11.5
Share based payment provision	**0.6**	1.0	1.9
Payments for share options cancelled	**-**	-	(0.8)
Foreign exchange loss / (gain)	**31.6**	(20.9)	(18.9)
Operating profit before working capital changes	**21.7**	20.9	68.0
(Increase) / decrease in trade and other receivables	**7.5**	(2.7)	(24.8)
Increase / (decrease) in trade and other payables	**(3.2)**	4.1	12.5
(Increase) / decrease in inventories	**(27.3)**	(9.5)	(3.5)
Cash (utilised in) / generated from operations	**(1.3)**	12.8	52.2
Finance expense	**(2.3)**	(0.5)	(1.2)
Taxation paid	**-**	(0.4)	(0.4)
Net cash (utilised in) / generated from operating activities	**(3.6)**	11.9	50.6
Cashflows from investing activities			
Proceeds from sale of property, plant and equipment	**1.6**	0.1	0.1
Acquisition of assets at Finsch net of cash	**(192.0)**	-	-
Acquisition costs for the purchase of Finsch assets	**(0.4)**	-	-
Acquisition of additional assets at Kimberley Underground net of cash	**-**	-	0.3
Acquisition of 4% interest in Koffiefontein	**-**	(0.8)	(0.8)
Long term advances to BEE partners	**-**	(5.5)	(8.7)
Deposits paid for increased working interest in the Group's South African operations (Note 12)	**(10.0)**	-	-
Finance income	**1.2**	0.4	2.2
Acquisition of property, plant and equipment	**(56.7)**	(47.7)	(105.2)
Transfer from / (to) restricted cash deposits	**221.9**	-	(218.3)
Net cash utilised in investing activities	**(34.4)**	(53.5)	(330.4)

PETRA DIAMONDS LIMITED
CONDENSED CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2011

US$ million	**(Unaudited) 1 July 2010- 31 December 2011**	(Unaudited) 1 July 2010- 31 December 2010	(Audited) 1 July 2010- 30 June 2011
Cashflows from financing activities			
Proceeds from the issuance of share capital	**1.7**	2.4	339.1
Payment of share placing costs	**-**	-	(17.6)
Transaction costs of admission to the Main Market of the London Stock Exchange	**(2.3)**	-	-
Increase in non-current borrowings	**-**	51.4	75.6
Repayment of non-current borrowings	**-**	-	(15.0)
Increase in current borrowings	**-**	3.0	-
Repayment of current borrowings	**(14.0)**	(33.3)	(32.3)
Net cash (utilised in) / generated from financing activities	**(14.6)**	23.5	349.8
Net (decrease) / increase in cash and cash equivalents	**(52.6)**	(18.1)	70.0
Cash and cash equivalents at beginning of the Period	**96.9**	24.8	24.8
Effect of exchange rate fluctuations on cash held	**(5.3)**	3.0	2.1
Cash and cash equivalents at end of the Period	**39.0**	9.7	96.9

During the Period, non-cash transactions impacted the Group whereby a non-current receivable due from Senakha Diamonds Investments (Pty) Ltd ("Senakha") (the Group's main BEE partner at Finsch) of US$38.0 million and a non-current payable due to Senakha of US$38.0 million were recorded. These amounts arise due to the funding that the Group has provided to Senakha to finance its interests in Finsch mine.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 31 DECEMBER 2011

1. GENERAL INFORMATION

Petra Diamonds Limited (the "Company") is registered in Bermuda. The condensed consolidated interim financial statements of the Company for the six month period ended 31 December 2011 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 2011, and any public announcements made by the Group during the interim reporting period. The annual financial report for the year ended 30 June 2011 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 2011 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 2011 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 2012, 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 2011.

The financial information for the year ended 30 June 2011 has been extracted from the statutory accounts for that period. The auditors' report for the year ended 30 June 2011 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 2010 has been extracted from the unaudited interim results released to 31 December 2010.

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 2011 but none have had a material impact on the Group's reporting. Those that apply to the Group from 1 July 2011 are as follows:

IAS 24	Revised – Related Party Disclosures	1 January 2011
IFRIC 14	Amendment – IAS 19 Limit on a Defined Benefit Asset	1 January 2011

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 and judgements 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

There are numerous risks inherent in estimating ore reserves and the associated life of a mine. Therefore management must make a number of assumptions in making those estimates, 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 may ultimately result in the restatement of the ore reserves and potential impairment to the carrying value of the mining assets and life of mine. The determination of the life of mine and ore reserves also impacts the depreciation of mining assets depreciated on a unit of production basis.

Impairment reviews

While conducting an impairment review of its assets, the Group exercises judgement in making assumptions about future rough diamond prices, ore reserves, rehabilitation costs, feasibility studies, future development and production costs. Changes in estimates used can result in significant changes to the condensed consolidated interim financial statements.

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. A provision has been made in respect of these claims.

Capitalisation of feasibility and development costs at the Williamson mine

Judgement has been applied by management during prior periods in determining whether feasibility expenditure should be capitalised or expensed. The Group embarked on a feasibility study at the Williamson mine through an intensive bulk sampling programme with a view to better understanding the orebody. This was done to optimise the design of the treatment plant to further increase production in the future. Based on management's judgements, direct expenditure was considered to be capital in nature and was capitalised on the basis that the future economic benefits of the mining assets were expected to flow to the Group in line with guidance from IAS 16. All other costs are expensed as care and maintenance costs. During the current Period, the Group incurred costs as part of its refurbishment and expansion project to upgrade the plant. All direct costs incurred by the Group, including internal development costs, which are directly attributable to bringing the asset into use and which increase the future economic benefits that will flow to the Group, have been capitalised.

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 8% - 9%, current life of mine plans of 12 to 22 years and an inflation rate range of 6.9% - 7.0%.

Deferred tax

Judgement is applied in making assumptions about future taxable income, including diamond prices, production, rehabilitation costs and expenditure to determine the extent to which the Group recognises deferred tax assets.

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	Fissure Mines	Williamson	Exploration	Corporate administration	Inter-segment	Consolidated
(6 month period ended 31 December 2011)	1 July 2011 - 31 December 2011	1 July 2011 - 31 December 2011	1 July 2011 - 31 December 2011	1 July 2011 - 31 December 2011	1 July 2011 - 31 December 2011	1 July 2011 - 31 December 2011	1 July 2011 - 31 December 2011	1 July 2011 - 31 December 2011	1 July 2011 - 31 December 2011	1 July 2011 - 31 December 2011
Revenue	48.6	28.3	6.5	8.1	8.4	1.5	-	-	-	101.4
Segment result	6.7	9.1	(5.8)	(1.2)	(5.2)	(3.5)	(0.8)	(8.2)	10.5	1.6
Other direct income	0.8	0.3	0.2	0.2	(0.3)	0.2	-	-	-	1.4
Operating profit / (loss)	7.5	9.4	(5.6)	(1.0)	(5.5)	(3.3)	(0.8)	(8.2)	10.5	3.0
Financial income										17.8
Financial expense										(52.6)
Income tax credit										5.1
Non-controlling interest										0.5
Loss attributable to equity holders of the parent company										(26.2)
Segment assets	425.6	236.4	39.7	73.7	100.2	101.4	0.5	1 055.2	(1 103.6)	929.1
Segment liabilities	188.0	230.1	21.5	79.8	131.5	211.5	23.8	436.8	(1 028.1)	294.9
Capital expenditure	21.1	1.4	4.8	2.5	10.0	17.5	-	0.2	-	57.5

The Group acquired Finsch effective 14 September 2011, therefore there are no comparative figures presented for the periods ending 31 December 2010 and 30 June 2011 in respect of the Finsch operating segment.

Capital expenditure at the Fissure Mines includes work-in-progress of US$8.4 million (30 June 2011: US$11.0 million and 31 December 2010: US$7.1 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$21.5 million (30 June 2011: US$21.2 million and 31 December 2010: US$15.8 million) of revenue and US$21.9 million (30 June 2011: US$21.4 million and 31 December 2010: US$15.1 million) of costs 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. Capital expenditure at Williamson includes US$16.1 million (30 June 2011: US$35.8 million and 31 December 2010: US$7.8 million) of cash costs capitalised, in respect of the plant rebuild and expansion programme.

4. SEGMENTAL INFORMATION (continued)

Operating segments		South Africa – Mining activities			Tanzania - Mining activities	Botswana			
US$ million	Cullinan	Koffiefontein	Kimberley Underground	Fissure Mines	Williamson	Exploration	Corporate administration	Inter-segment	Consolidated
(6 month period ended 31 December 2010)	1 July 2010 - 31 December 2010	1 July 2010 - 31 December 2010	1 July 2010 - 31 December 2010	1 July 2010 - 31 December 2010	1 July 2010 - 31 December 2010	1 July 2010 - 31 December 2010	1 July 2010 - 31 December 2010	1 July 2010 - 31 December 2010	1 July 2010 - 31 December 2010
Revenue	57.6	17.2	4.8	7.9	2.0	-	-	0.5	90.0
Segment result	13.0	1.7	(0.7)	(4.2)	(1.5)	(0.5)	(0.7)	0.7	7.8
Other direct income	1.0	0.1	-	0.1	0.1	-	-	-	1.3
Operating profit / (loss)	14.0	1.8	(0.7)	(4.1)	(1.4)	(0.5)	(0.7)	0.7	9.1
Financial income									31.2
Financial expense									(13.5)
Income tax expense									(2.3)
Non-controlling interest									(0.6)
Profit attributable to equity holders of the parent company									23.9
Segment assets	370.7	81.0	63.3	105.3	65.2	7.6	642.3	(754.2)	581.2
Segment liabilities	191.7	50.3	72.2	143.9	166.0	25.8	269.3	(679.4)	239.8
Capital expenditure	12.9	4.2	2.1	4.6	16.4	-	0.1	-	40.3

4. SEGMENTAL INFORMATION (continued)

Operating segments	South Africa – Mining activities				Tanzania – Mining activities	Botswana	Jersey		
US$ million	Cullinan	Koffiefontein	Kimberley Underground	Fissure Mines	Williamson	Exploration	Corporate administration	Inter-segment	Consolidated
(full year ended 30 June 2011)	2011	2011	2011	2011	2011	2011	2011	2011	2011
Revenue	140.2	30.8	18.2	21.8	9.5	-	-	0.1	220.6
Segment result	47.0	(1.2)	(0.3)	(5.4)	(6.8)	(1.5)	12.1	(3.8)	40.1
Other direct income	1.9	0.5	(0.4)	0.4	0.3	-	-	-	2.7
Operating profit / (loss)	48.9	(0.7)	(0.7)	(5.0)	(6.5)	(1.5)	12.1	(3.8)	42.8
Reversal of impairment – Fissures				11.7					11.7
Impairment – Fissures				(5.2)					(5.2)
Financial income									42.5
Financial expense									(27.4)
Income tax expense									(5.2)
Non-controlling interest									(6.0)
Profit attributable to equity holders of the parent company									53.2
Segment assets	409.7	57.7	71.5	110.1	90.0	8.8	1 000.7	(782.0)	966.5
Segment liabilities	199.3	30.1	77.9	140.5	196.0	27.2	320.2	(723.7)	267.5
Capital expenditure	33.9	11.0	13.0	16.2	36.6	-	0.2		110.9

5. ACQUISITION OF FINSCH

On 21 January 2011, the Company announced that it, together with its BEE partners, had entered into an agreement to acquire the Finsch mine in South Africa as a going concern (assets and assumed liabilities) from De Beers for R1.425 billion, with the Company's wholly owned subsidiary, Afropean Diamonds (Pty) Ltd ("Afropean"), acquiring a 74% interest and the BEE partners a 26% interest. On 14 September 2011, the Company announced the completion of the Finsch acquisition, which represented the date the Group acquired control of the mine. As part of the transaction, the Company funded its BEE partners' share of the R1.425 billion consideration through loans to the BEE partners. The final cash consideration paid in US$ terms was US$192 million reflecting the benefit of an effective hedging strategy to hedge the foreign exchange risk on the firm commitment to acquire Finsch.

It is not practical to obtain the turnover and operating results for the Finsch mine for the period 1 July 2011 to date of acquisition, as the Finsch turnover and operating results were previously treated as a branch within a larger corporate by the vendor and are not available to the Group. The Finsch mine generated revenue since date of acquisition to 31 December 2011 of US$28.3 million. Costs of US$0.4 million associated with the acquisition have been expensed in full in the consolidated income statement.

The fair values presented are provisional and subject to revision in accordance with IFRS.

Effect of the acquisition

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

Finsch net assets at acquisition date: US$ million	**Book values**	**Provisional fair value adjustments**	**Provisional fair values**
Mining property, plant & equipment	234.6	(14.4)	220.2
Land	0.7	-	0.7
Inventory consumables and stores	4.1	(0.7)	3.4
Trade and other receivables	1.6	(1.6)	-
Environmental liabilities	(16.2)	(4.6)	(20.8)
Long term payables	(5.1)	(1.2)	(6.3)
Employee related payables	(2.7)	0.6	(2.1)
Trade and other payables	(3.2)	0.1	(3.1)
Net assets acquired	213.8	(21.8)	192.0
Non-controlling interest (26%)			(49.9)
Fair value of net assets attributable to the parent company			142.1
Satisfied as follows:			
Cash consideration paid by the Company			142.1
Cash consideration advanced by the Company to the BEE consortium			49.9
			192.0

US$ million	**1 July 2011 - 31 December 2011**	1 July 2010 - 31 December 2010	1 July 2010 - 30 June 2011
6. CORPORATE EXPENDITURE			
Auditors' remuneration			
- Audit services[1]	**0.5**	0.4	0.4
Depreciation of property, plant and equipment	**0.1**	0.1	0.1
Operating lease rentals - buildings	**0.3**	0.2	0.4
Staff costs	**2.6**	2.0	4.3
Other charges	**1.5**	1.3	2.9
Transaction costs [2]	**2.7**	-	-
Share-based expense			
- Directors	**0.2**	0.3	0.6
- Senior Management	**0.3**	0.4	0.7
	8.2	4.7	9.4

[1]Audit services in the current Period refer to the 2011 audit.
[2]Transaction costs comprise Finsch acquisition costs (US$0.4 million) and costs relating to the admission to the Main Market of the London Stock Exchange (US$2.3 million).

US$ million	**1 July 2011 - 31 December 2011**	1 July 2010 - 31 December 2010	1 July 2010 - 30 June 2011
7. FINANCING (EXPENSE) / INCOME			
Net interest expense on bank loans and overdrafts	**(0.9)**	(0.5)	(1.0)
Gross interest expense on bank loans and overdrafts	**(4.0)**	(0.5)	(4.5)
Interest expense on bank loans and overdrafts capitalised	**3.1**	-	3.5
Other debt finance costs	**(5.2)**	(4.1)	(6.7)
Unwinding of present value adjustment for rehabilitation costs	**(2.5)**	(1.8)	(3.8)
Realised foreign exchange losses on the settlement of forward exchange contracts	**(0.1)**	-	-
Other foreign exchange losses realised	**-**	(0.4)	(0.4)
Unrealised foreign exchange losses	**(43.9)**	(4.0)	(15.5)
Financial expense	**(52.6)**	(10.8)	(27.4)
Realised foreign exchange gains	**4.2**	1.1	0.7
Other unrealised foreign exchange gains	**8.2**	24.9	34.1
Net change in fair value of hedged item in a fair value hedge	**-**	-	(6.0)
Net change in fair value of hedging instrument in a fair value hedge	**-**	-	6.0
Interest received on loans and other receivables	**4.2**	2.1	5.5
Interest received bank deposits	**1.2**	0.4	2.2
Financial income	**17.8**	28.5	42.5
	(34.8)	17.7	15.1

8. LOANS AND BORROWINGS

Completion of RMB debt facilities

On 29 November 2011, the Company, through its wholly owned subsidiary Afropean entered into an agreement with Rand Merchant Bank ("RMB") (a division of FirstRand Bank Ltd) with regards to new debt facilities of ZAR400 million (US$48.0 million). The debt facilities are secured over the assets of the Finsch mine.

The facilities comprise a revolving credit facility ("RCF") of ZAR300 million (US$36.0 million) and a working capital facility ("WCF") of ZAR100 million (US$12.0 million).

The RCF will be available for draw-down for up to 22 months from financial close of the transaction subject to the RCF commitment amount being reduced by 25% on 1 July 2013. The RCF bears interest at the South African three month JIBAR rate plus 2.5% margin. The RCF is repayable 24 months from financial close of the transaction, being 30 November 2011.

The WCF is available for draw-down for a period of 11 months from financial close and is subject to annual review. The WCF bears interest at the South African three month JIBAR rate plus 2.4% margin. The WCF is repayable 12 months from financial close of the transaction, being 30 November 2011 (subject to annual review).

At 31 December 2011 the Group had not drawn down on the RCF facility and the WCF facility balance was nil.

Repayment of Al Rajhi deferred consideration

During the Period, the Company settled a portion (US$14.0 million) of the Al Rajhi deferred consideration outstanding of US$20.0 million, which was due for repayment in full on or before 31 December 2011. The Company renegotiated the interest and repayment terms of the remaining capital balance of US$6.0 million. The loan is repayable on or before 31 March 2012 and bears interest at 7% per annum.

9. SHARES AND WARRANTS ISSUED

Allotments during the Period were in respect of the exercise of warrants over 1,364,259 ordinary shares by RBC Europe Ltd and the exercise of share options over 113,333 ordinary shares by employees.

10. PROPERTY, PLANT AND EQUIPMENT

The net movement in property, plant and equipment in the Period is US$182.2 million (30 June 2011: US$130.4 million and 31 December 2010: US$78.0 million). This is primarily as a result of increases in property, plant and equipment from capital expenditure of US$57.5 million (30 June 2011: US$110.9 million and 31 December 2010: US$47.7 million), the fair value of assets purchased on the acquisition of Finsch of US$220.9 million, which are off-set by the movement in the US$/ZAR foreign exchange rate resulting in a foreign exchange decrease on ZAR based assets of US$75.9 million (30 June 2011: US$45.9 million increase and 31 December 2010: US$40.5 million increase), depreciation of US$18.7 million (30 June 2011: US$22.4 million and 31 December 2010: US$10.1 million) and assets of US$1.6 million (30 June 2011: US$5.2 million and 31 December 2010: US$0.1 million) disposed of during the Period.

11. CAPITAL COMMITMENTS

As at 31 December 2011, the Company has committed to future capital expenditure totalling US$22.1 million (30 June 2011: US$11.6 million and 31 December 2010: US$13.9 million). The refurbishments at Cullinan and Williamson account for US$15.5 million of the future capital commitments and Kimberley Underground accounts for the remaining US$6.6 million.

12. RELATED PARTY TRANSACTIONS

During the Period, the Company paid an additional US$10.0 million to Sirius Resource Fund 1 Ltd ("Sirius") as part of a transaction whereby the Company intends to acquire from Sirius an increased interest in the Group's South African operations, as detailed in the CEO's review. The cumulative amount paid to Sirius is US$16.0 million and is shown under trade and other receivables in the Condensed Statement of Financial Position. Mr Pouroulis is a director of Sirius Investment Management LP which provides investment advisory services to Sirius.

During the Period, a subsidiary of the Company paid US$1.1 million (R8.5 million) (30 June 2011: US$5.6 million (R39.2 million) and 31 December 2010: US$4.2 million (R29.9 million)) to Zeren (Pty) Ltd ("Zeren") in respect of an exclusivity agreement for the use of specialised plant and equipment. The equipment was supplied to a subsidiary of the Company at Zeren's cost and, given its specialised nature, on an exclusive basis. 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$26.8 million and a non-current payable due to Thembinkosi of US$25.6 million. These sums arise due to the funding that the Group has provided to Umnotho to finance its interests in 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.

13. EARNINGS PER SHARE

	6 months ended 31 December 2011 US$	6 months ended 31 December 2010 US$	12 months ended 30 June 2011 US$
Numerator			
(Loss) / profit for the Period	**(26,129,766)**	23,980,279	53,193,664
Denominator			
	Shares	Shares	Shares
Weighted average number of ordinary shares used in basic EPS			
As at start of Period	**499,874,009**	352,803,021	352 803 021
Effect of shares issued during the Period	**182,519**	461,770	61,912,017
As at end of Period	**500,056,528**	353,264,791	414,715,038
	Shares	Shares	Shares
Dilutive effect of potential ordinary shares	**-**	17,019,215	16,034,806
Weighted average number of ordinary shares in issue used in diluted EPS	**500,056,528**	370,284,006	430,749,844
	US cents	US cents	US cents
Basic (loss) / profit per share – US$ cents	**(5.23)**	6.79	12.83
Diluted (loss) / profit per share – US$ cents	**(5.23)**	6.48	12.35

Due to the Group's loss for the Period, the diluted loss per share is the same as the basic loss per share. The total number of potentially dilutive ordinary shares in respect of employee share options and warrants is 14,142,126 (30 June

2011: 16,034,806 and 31 December 2010: 37,636,929). These potentially dilutive ordinary shares may have a dilutive effect on future earnings per share.

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 consider 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.

	6 months ended 31 December 2011 US$	6 months ended 31 December 2010 US$	12 months ended 30 June 2011 US$
Numerator			
(Loss) / profit for the Period	**(26,129,766)**	23,980,279	53,193,664
Adjustments:			
Net unrealised foreign exchange loss / (gain)	**35,699,397**	(20,937,527)	(18,600,253)
Transaction costs (note 6)	**2,743,484**	-	273,385
Adjusted profit for the Period	**12,313,115**	3,042,752	34,866,796
Denominator			
	Shares	Shares	Shares
Weighted average number of ordinary shares used in adjusted basic EPS			
As at start of Period	**499,874,009**	352,803,021	352 803 021
Effect of shares issued during the Period	**182,519**	461,770	61,912,017
As at end of Period	**500,056,528**	353,264,791	414,715,038
	Shares	Shares	Shares
Dilutive effect of potential ordinary shares	**14,142,216**	17,019,215	16,034,806
Weighted average number of ordinary shares in issue used in diluted adjusted earnings per share	**514,198,744**	370,284,006	430,749,844
	US cents	US cents	US cents
Adjusted basic profit per share – US$ cents	**2.46**	0.86	8.41
Diluted adjusted profit per share – US$ cents	**2.39**	0.82	8.09

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 FSA's Disclosure and Transparency Rules (DTR 4.2.7 R and 4.2.8 R).

By order of the Board

Johan Dippenaar
CEO

David Abery
Finance director